



## RESOLUTION NO. U-10966

1 A RESOLUTION related to the purchase of materials, supplies, equipment  
2 and the furnishing of services; authorizing the City officials to enter into  
3 contracts and, where specified, waive competitive bidding requirements,  
4 authorize sale of surplus property, or increase or extend existing  
agreements.

5 WHEREAS the City of Tacoma, Department of Public Utilities, requested  
6 bids/proposals for the purchase of certain materials, supplies, equipment and/or  
7 the furnishing of certain services, or proposes to purchase off an agreement  
8 previously competitively bid and entered into by another governmental entity, or  
9 for the sales of surplus, or desires to increase and/or extend an existing  
10 agreement, all as explained by the attached Exhibit "A," which by this reference  
11 is incorporated herein, and  
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13 WHEREAS in response thereto, bids/proposals (or prices from another  
14 governmental agreement) were received, all as evidenced by Exhibit "A," and  
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16 WHEREAS the Board of Contracts and Awards and/or the requesting  
17 division have heretofore made their recommendations, which may include  
18 waiver of the formal competitive bid process because it was not practicable to  
19 follow said process, or because the purchase is from a single source, or there is  
20 an emergency that requires such waiver, and/or waiver of minor deviations, and  
21 in the case of sale of surplus, a declaration of surplus has been made certifying  
22 that said items are no longer essential for continued effective utility service, as  
23 explained in Exhibit "A," and  
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WHEREAS the Director requests authorization, pursuant to TMC 1.06.269 A, to amend contract amounts up to \$200,000 and to approve term extensions and renewals for all items contained in Exhibit "A;" Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board of the City of Tacoma hereby concurs and approves the recommendations of the Board of Contracts and Awards and/or the requesting division, and approves, as appropriate: (1) the purchase and/or furnishing of those materials, supplies, equipment or services recommended for acceptance; (2) the sale of surplus materials, supplies or equipment recommended for acceptance; (3) the Interlocal agreement that authorizes purchase off another governmental entity's contract; (4) the increase and/or extension of an existing agreement, and said matters may include waiver of the formal competitive bid process and/or waiver of minor deviations, all as set forth on Exhibit "A," and authorizes the execution, delivery and implementation of appropriate notices, contracts and documents by the proper officers of the City for said transactions, and (5) the administrative authority of the Director, per TMC 1.06.269 A., to amend contract amounts up to \$200,000 and to approve term extensions and contract renewals for all items in Exhibit "A."

Approved as to form and legality:

William Fisher  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_



3628 South 35<sup>th</sup> Street  
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

EXHIBIT "A"

RESOLUTION NO.:

U-10966

ITEM NO.:

#1

MEETING DATE:

November 15, 2017

**Date:** November 15, 2017  
**To:** Board of Contracts and Awards  
**From:** Chris Robinson, Power Superintendent, COO  
**Subject:** Professional Services Contract with NASH CONSULTING, INC.  
Request for Proposal, Specification No. PG17-0258F  
Budgeted from 4700 Power, CC 561000

**RECOMMENDATION:** The Tacoma Public Utilities (TPU) Executive Leadership Team (ELT) recommends a contract be awarded to **NASH CONSULTING, INC.**, Leavenworth, Washington, for the design and delivery of a leadership development program. The recommendation is for an initial two-year contract term, plus the option for additional one-year renewal periods, for a cumulative cap of **\$565,000**, sales tax not applicable.

**EXPLANATION:** **NASH CONSULTING, INC.** has been engaged to design and deliver a leadership development program for TPU that will begin by delivering a 5-day foundational training course called *Managing with Mind and Heart* in the first year. This establishes a common language and consistent understanding and application of the expected supervisory and leadership behaviors for TPU managers, supervisors and leads.

In the second year, each TPU Division will have the opportunity to work with the consultant to design and deliver targeted leadership and supervisory training in a 3-day workshop to help address the unique business needs and operational issues of each.

In addition to the two workshops, the contract also provides for a consultant review of all existing supervisory and leadership trainings offered to employees. This effort will ensure alignment with the program and eliminate any redundancy or contradictory messaging. In the second year of the contract, the consultant will assist each Division with the design and implementation of assessments for participants in the program. These assessments will help measure individual employee development against the supervisor and leadership behaviors identified as core for TPU.

**COMPETITIVE SOLICITATION:** Request for Proposal Specification No. PG17 -0258F had its bid opening on September 5, 2017 after 17 consulting firms were invited to bid in addition to normal advertising of the project.

The Selection Advisory Committee comprised of a cross section of managers from each Division in TPU, including Human Resources, reviewed the 12 submittals received and recommended the top three (3) proposals for an in-person interview/presentation with an expanded group of 21 TPU managers. This group arrived at consensus for a final recommendation to the Executive Leadership Team and Director Gaines. At the October 11, 2017 study session, Chris Robinson, Power Superintendent and representative for the ELT, notified the Public Utility Board that **NASH CONSULTING, INC.** had been selected for this project and that we would be bringing this contract forward.

RESPONDENT	LOCATION	SCORE	RANK
Nash Consulting, Inc.	Washington	99/100	1
Integrus Performance Advisors	California	96/100	2
NWPPA / The Howells Group	Washington	96/100	3
JJA Consultants	Washington	86/100	4
Invista Performance	Washington	85/100	5
The Athena Group	Washington	84/100	6
Performance Dimensions	Washington	83/100	7
Scontrino Powell Inc.	Washington	82/100	8
Dale Carnegie Group	Washington	82/100	9
Loram & Associates	New York	78/100	10
Employee Strategies	Minnesota	78/100	11
Manager Tools	California	69/100	12

Nash Consulting, Inc. was selected with the highest score, top ranking, and is supported by a unanimous recommendation from the ELT. Reference checks were completed and based on direct utility experience with Seattle City Light, Chelan County PUD and most recently, Snohomish PUD. Additional feedback was gathered specific to the successful performance of the proposed personnel who will be assigned to this project. Program sustainability was a key factor in this decision and emphasis on integrating the concepts and philosophy of the leadership development program into TPU culture and systems will be ongoing.

**CONTRACT HISTORY:** This is a new contract and engagement with NASH CONSULTING, INC.

**FUNDING:** Funds for this contract are available in the 4700 Power, 561000 Fund and will be administered via a task order authorization process. Funding beyond the current biennium is subject to future availability of funds.

**SBE/LEAP COMPLIANCE:** SBE and LEAP staff not contacted.

**PROJECT COORDINATOR:** Alice Massara, Strategic People Management, Tacoma Power, Tacoma Public Utilities; Telephone 253-502-8876; Email [amassara@cityoftacoma.org](mailto:amassara@cityoftacoma.org)



Chris Robinson, Power Superintendent/COO

11-6-17  
Date

APPROVED:



William A. Gaines  
Director of Utilities/CEO

11-6-17  
Date

CR: am

cc: Kimberly Ward, Senior Buyer, Finance/Purchasing  
Dale King, Rail Superintendent  
Scott Dewhirst, Water Superintendent  
Steve Hatcher, Customer Services Director  
Jim Sant, Management Services Director and Acting Public Affairs Director  
Gary Buchanan, Human Resources Director

## PROFESSIONAL SERVICES CONTRACT

**THIS CONTRACT**, made and entered into effective as of the 1st day of December, 2017 ("Effective Date"), by and between the **CITY OF TACOMA**, a municipal corporation of the state of Washington (hereinafter referred to as the "CITY"), and **NASH CONSULTING, INC.**, a Washington state corporation (hereinafter referred to as "CONTRACTOR");

In consideration of the mutual promises and obligations hereinafter set forth, the parties hereto agree as follows:

### 1. Scope of Services/Work

- A. The CONTRACTOR agrees to diligently and completely perform the services and/or deliverables related to the design and delivery of a leadership development program and related work as is specifically described in Exhibit A – Scope of Work, attached hereto and incorporated herein. Each Task set forth in Exhibit A will be authorized upon the parties' mutual execution of Formal Task Authorizations, using a form substantially similar to the form attached hereto as Exhibit C – Formal Task Authorization. Additional services will be on an as-needed basis during the term of this Contract, upon the parties' mutual execution of Formal Task Authorizations.
- B. Changes to Scope of Work: The CITY shall have the right to make changes within the general scope of services and/or deliverables upon execution in writing of a change order or amendment hereto. If the changes will result in additional work effort by CONTRACTOR, the CITY will agree to reasonably compensate the CONTRACTOR for such additional effort up to the maximum amount specified herein or as otherwise provided by City Code.

### 2. Term

- A. All services shall be satisfactorily completed on or before December 31, 2019, as indicated in the attached Scope of Work, with an option to extend thereafter. This Contract shall expire on December 31, 2019, unless mutually extended in writing by the parties in the form of a mutually executed Amendment to this Contract.
- B. Neither party shall be considered to be in default in the performance of this Contract to the extent such performance is prevented or delayed by any cause which is beyond the reasonable control of the affected party and, in such event, the time for performance shall be extended for a period equal to any time lost as a result thereof. In the event CONTRACTOR is unable to proceed due to a delay solely attributable to CITY, CONTRACTOR shall advise CITY of such delay in writing as soon as is practicable.

### 3. Compensation and Payment

- A. The CITY shall compensate the CONTRACTOR for the services and deliverables performed under this Contract according to the rates and charges set forth in Exhibit B – Schedule of Rates.

- B. The total price to be paid by CITY for CONTRACTOR's full and complete performance of the Scope of Work hereunder shall not exceed **\$565,000** without the written consent of the CITY. Said price shall be the total compensation for CONTRACTOR's performance hereunder including, but not limited to, all work, deliverables, materials, supplies, equipment, subcontractor's fees, and all reimbursable travel and miscellaneous or incidental expenses to be incurred by CONTRACTOR.
- C. The CONTRACTOR shall submit monthly invoices in a format comparable to the invoice attached hereto and identified as Exhibit D, for services completed and/or deliverables furnished during the previous month. Upon CITY's request, CONTRACTOR shall submit necessary and appropriate documentation, as determined by the CITY, for all invoiced services and deliverables.
- D. Payment shall be made through the CITY's ordinary payment process, and shall be considered timely if made within 30 days of receipt of a properly completed invoice.
- E. The CITY may withhold payment to the CONTRACTOR for any services or deliverables not performed as required hereunder until such time as the CONTRACTOR modifies such services or deliverables to the satisfaction of the CITY.
- F. All payments shall be subject to adjustment for any amounts, upon audit or otherwise, determined to have been improperly invoiced.
- G. In the event the CONTRACTOR incurs cost in excess of the sum authorized for service under this Contract, the CONTRACTOR shall pay such excess from its own funds, and the CITY shall not be required to pay any part of such excess, and the CONTRACTOR shall have no claim against the CITY on account thereof.

#### **4. Independent Contractor Status**

- A. The services and deliverables shall be furnished by the CONTRACTOR as an independent Contractor, and nothing herein contained shall be construed to create a relationship of employer/employee or master/servant. No payroll or employment taxes of any kind shall be withheld or paid by the CITY with respect to payments to CONTRACTOR. The payroll or employment taxes that are the subject of this paragraph include, but are not limited to, FICA, FUTA, federal income tax, state personal income tax, state disability insurance tax and state unemployment insurance tax. By reason of CONTRACTOR's status as an independent Contractor hereunder, no workers' compensation insurance has been or will be obtained by the CITY on account of CONTRACTOR. CONTRACTOR may be required to provide the CITY proof of payment of these said taxes and benefits. If the CITY is assessed or deemed liable in any manner for those charges or taxes, the CONTRACTOR agrees to hold the CITY harmless from those costs, including attorney's fees.
- B. The CONTRACTOR shall provide at its sole expense all materials, office space, and other necessities to perform its duties under this Contract, unless otherwise specified in writing herein.

**5. Professional Services Warranty**

- A. The CONTRACTOR warrants that all services performed pursuant to this Contract shall be generally suitable for the use to which CITY intends to use said services and deliverables as expressed in Exhibit A.
- B. In the performance of services under this Contract, the CONTRACTOR and its employees agree to exercise the degree of skill and care required by customarily accepted good practices and procedures followed by professionals/consultants rendering the same or similar type of service. All obligations and services of the CONTRACTOR hereunder shall be performed diligently and completely according to such professional standards.
- C. If the CONTRACTOR intends to rely on information or data supplied by the CITY, other CITY contractors or other generally reputable sources without independent verification, such intent shall be brought to the attention of the CITY.

**6. Contract Administration and Right to Audit**

- A. The Department of Public Utilities, Power Division, Strategic People Management workgroup for the CITY shall have primary responsibility for contract administration and approval of services to be performed by the CONTRACTOR, and shall coordinate all communications between the CONTRACTOR and the CITY.
- B. The CONTRACTOR shall, at such times and in such form as the CITY may reasonably require, furnish the CITY with periodic status reports pertaining to the services undertaken pursuant to this Contract.
- C. Upon CITY's request, the CONTRACTOR shall make available to CITY all accounts, records, and documents related to the Scope of Work for CITY's inspection, auditing, or evaluation during normal business hours as reasonably needed by CITY to assess performance, compliance, and/or quality assurance under this Contract or in satisfaction of CITY's public disclosure obligations as applicable.

**7. Records Retention**

The CONTRACTOR shall establish and maintain records in accordance with requirements prescribed by the CITY, with respect to all matters related to the performance of this Contract. Except as otherwise authorized by the CITY, the CONTRACTOR shall retain such records for a period of six years after receipt of the final payment under this Contract or termination of this Contract.

**8. Notices**

Except for routine operational communications, which may be delivered personally or transmitted by electronic mail, all notices required hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first-class mail, postage prepaid, to the parties at the following addresses:

CITY	CONTRACTOR
Alice Massara Tacoma Power / Generation 3628 South 35 <sup>th</sup> Street Tacoma, WA 98409-3192	Mike Nash, President Nash Consulting, Inc. 18527 Hazel Lane Leavenworth, WA 98826
Telephone: 253-502-8876	Telephone: 509-630-2608
Email: amassara@cityoftacoma.org	Email: nash@nashconsulting.com

## 9. Termination and Suspension

- A. The CITY may terminate this Contract at any time, with or without cause, by giving ten (10) business days' written notice to CONTRACTOR. In the event of termination, all finished and unfinished work prepared by the CONTRACTOR pursuant to this Contract shall be provided to the CITY. In the event CITY terminates this Contract due to the CITY's own reasons and without cause due to the CONTRACTOR's actions or omissions, the CITY shall pay the CONTRACTOR the amount due for actual work and services necessarily performed under this Contract up to the effective date of termination, not to exceed the total compensation set forth herein.
- B. The CITY may suspend this Contract, at its sole discretion, upon seven (7) business days' written notice to the CONTRACTOR. Such notice shall indicate the anticipated period of suspension. Any reimbursement for expenses incurred due to the suspension shall be limited to the CONTRACTOR's reasonable expenses and shall be subject to verification. The CONTRACTOR shall resume performance of services under this Contract without delay when the suspension period ends.
- C. Termination or suspension of this Contract by CITY shall not constitute a waiver of any claims or remaining rights the CITY may have against CONTRACTOR relative to performance hereunder.

## 10. Taxes, Licenses and Permits

- A. The CONTRACTOR acknowledges that it is responsible for the payment of all charges and taxes applicable to the services performed under this Contract, and the CONTRACTOR agrees to comply with all applicable laws regarding the reporting of income, maintenance of records, and all other requirements and obligations imposed pursuant to applicable law. If the CITY is assessed, made liable, or responsible in any manner for such charges or taxes, the CONTRACTOR agrees to hold the CITY harmless from such costs, including attorney's fees.
- B. In the event the CONTRACTOR fails to pay any taxes, assessments, penalties, or fees imposed by any governmental body, including a court of law, then the CONTRACTOR authorizes the CITY to deduct and withhold or pay over to the appropriate governmental body those unpaid amounts upon demand by the governmental body. It is agreed that this provision shall apply to taxes and fees imposed by City ordinance. Any such payments shall be deducted from the CONTRACTOR's total compensation.



- C. The CONTRACTOR, at its expense, shall obtain and keep in force any and all necessary licenses and permits. The CONTRACTOR shall obtain a business license as required by Tacoma Municipal Code Subtitle 6B.20 and shall pay business and occupation taxes as required by Tacoma Municipal Code Subtitle 6A.30.

#### 11. Indemnification

- A. The CONTRACTOR shall indemnify, defend, and hold harmless the CITY, its officials, officers, agents, employees, and volunteers, from any and all claims, demands, damages, lawsuits, liabilities, losses, liens, expenses and costs arising out of the subject matter of this Contract; provided that this provision shall not apply to the extent that damage or injury results from the fault of the CITY, or its officers, agents, or employees. The term "fault" as used herein shall have the same meaning as set forth in RCW 4.22.015, as that statute may hereafter be amended.
- B. The CONTRACTOR specifically assumes potential liability for actions brought by the CONTRACTOR's own employees against the CITY and, solely for the purpose of this indemnification and defense, the CONTRACTOR specifically waives any immunity under the state industrial insurance law, Title 51 RCW. THE CONTRACTOR RECOGNIZES THAT THIS WAIVER WAS THE SUBJECT OF MUTUAL NEGOTIATION.
- C. This indemnification shall extend to and include attorneys' fees and the cost of establishing the right of indemnification hereunder in favor of the CITY. This indemnification shall survive the termination of this Contract.

#### 12. Insurance

During the course and performance of the services herein specified and for the entire term of the Contract, CONTRACTOR will maintain the insurance coverage in the amounts and in the manner specified in the City of Tacoma Insurance Requirements as is applicable to the services and deliverables provided under this Contract. The City of Tacoma Insurance Requirements document is fully incorporated herein by reference. CONTRACTOR shall not begin work under the Contract until the required insurance has been obtained and approved by CITY. Proof of insurance shall be provided by CONTRACTOR as is specified in the City of Tacoma Insurance Requirements.

#### 13. Nondiscrimination

The CONTRACTOR agrees to take all steps necessary to comply with all federal, state, and City laws and policies regarding non-discrimination and equal employment opportunities. The CONTRACTOR shall not discriminate in any employment action because of race, religion, creed, color, national origin or ancestry, sex, gender identity, sexual orientation, age, marital status, familial status, veteran or military status, the presence of any sensory, mental or physical disability or the use of a trained dog guide or service animal by a disabled person. In the event of non-compliance by the CONTRACTOR with any of the non-discrimination provisions of this Contract, the CITY shall be deemed to have cause to terminate this Contract, in whole or in part.

#### 14. Conflict of Interest

No officer, employee or agent of the CITY, nor any member of the immediate family of any such officer, employee or agent as defined by City ordinance, shall have any personal financial interest, direct or indirect, in this Contract, either in fact or in appearance. The CONTRACTOR shall comply with all federal, state, and City conflict of interest laws, statutes and regulations. The CONTRACTOR represents that the CONTRACTOR presently has no interest and shall not acquire any interest, direct or indirect, in the program to which this Contract pertains which would conflict in any manner or degree with the performance of the CONTRACTOR's services and obligations hereunder. The CONTRACTOR further covenants that, in performance of this Contract, no person having any such interest shall be employed. The CONTRACTOR also agrees that its violation of the CITY's Code of Ethics contained in Chapter 1.46 of the Tacoma Municipal Code shall constitute a breach of this Contract subjecting the Contract to termination.

#### 15. City Ownership of Work/Rights in Data and Publications

To the extent that CONTRACTOR creates any Work subject to the protections of the Copyright Act (Title 17 U.S.C) in its performance of this Contract, CONTRACTOR agrees to the following:

- A. The work that has been specially ordered and commissioned by CITY. The CONTRACTOR agrees that the Work is a "work made for hire" for copyright purposes, with all copyrights in the Work to be used internally only by the CITY and not for external use or sale.
- B. CONTRACTOR and CITY agree that the "work made for hire," including the moral rights, methodologies, know-how, procedures, processes, internal resources, tools and other means used by CONTRACTOR and CITY to prepare the work products are to be used by the City internally only and not for external use or sale.
- C. CONTRACTOR shall execute and deliver such instruments and take such other action as may be required and requested by the CITY to carry out the assignment made pursuant to this section.
- D. The rights granted hereby to CITY shall survive the expiration or termination of this Contract.
- E. The CONTRACTOR shall be solely responsible for obtaining releases for the performance, display, recreation, or use of copyrighted materials.

#### 16. Public Disclosure

- A. This Contract and documents provided to the CITY by CONTRACTOR hereunder are deemed public records subject to disclosure under the Washington State Public Records Act, Chapter 42.56 RCW (Public Records Act). Thus, the CITY may be required, upon request, to disclose this Contract and documents related to it unless an exemption under the Public Records Act or other laws applies. In the event CITY receives a request for such disclosure, determines in its legal judgment that no applicable exemption to disclosure applies, and CONTRACTOR has complied with the requirements of sub-section B herein, CITY agrees to provide CONTRACTOR ten (10) days' written notice of impending release. Should legal action thereafter be initiated by CONTRACTOR to enjoin or otherwise prevent such release, all expense of any such litigation shall be borne by CONTRACTOR, including any damages, attorney's fees or costs awarded by reason of having opposed disclosure.

CITY shall not be liable for any release where notice was provided and CONTRACTOR took no action to oppose the release of information. Notice of any proposed release of information pursuant to Chapter 42.56 RCW, shall be provided to CONTRACTOR according to the "Notices" provision herein.

- B. If CONTRACTOR provides the CITY with records that CONTRACTOR considers confidential or proprietary, CONTRACTOR must mark all applicable pages of said record(s) as "Confidential" or "Proprietary." If CONTRACTOR fails to so mark record(s), then (1) the CITY, upon request, may release said record(s) without the need to satisfy the requirements of subsection A above; and (2) the CONTRACTOR expressly waives its right to allege any kind of civil action or claim against the CITY pertaining to the release of said record(s).

#### 17. Duty of Confidentiality

- A. CONTRACTOR acknowledges that unauthorized disclosure of information or documentation concerning the Scope of Work hereunder may cause substantial economic loss or harm to the CITY.
- B. Except for disclosure of information and documents to CONTRACTOR's employees, agents, or subcontractors who have a substantial need to know such information in connection with CONTRACTOR's performance of obligations under this Contract, the CONTRACTOR shall not without prior written authorization by the CITY allow the release, dissemination, distribution, sharing, or other publication or disclosure of information or documentation obtained, discovered, shared or produced pursuant to this Contract.
- C. The CONTRACTOR shall inform its employees, agents, and subcontractors of the confidentiality obligations under this Contract and instruct them so as to ensure such obligations are met. If so requested by the CITY, the CONTRACTOR further agrees to require all such individuals and entities performing services pursuant to this Contract to execute a Confidentiality and Non-Disclosure Agreement in a form acceptable to CITY.
- D. The CONTRACTOR shall not release any information or documentation concerning the work under this Contract or any part thereof for marketing, advertising, or other commercial activities or publication including, but not limited to, news releases or professional articles, without the prior written approval of the CITY. Any and all news releases, professional articles, marketing, advertising, publicity, or other commercial activities that describe or discuss the Scope of Services shall be reviewed and approved by the CITY prior to publication, disclosure and/or distribution. The CONTRACTOR may submit for review and approval a generic abstract describing the component parts of the completed Scope of Services ("Project Abstract"). After receiving written approval of the Project Abstract from the CITY, the CONTRACTOR may make minor insignificant changes to the Project Abstract and use all or parts of the Project Abstract in proposals.
- E. This Section shall survive for six (6) years after the termination or expiration of this Contract.
- F. CONTRACTOR shall ensure that the text of this Section is included in each subcontractor's contract pertaining to the Scope of Services hereunder.

## 18. Dispute Resolution

In the event of a dispute pertaining to this Contract, the parties agree to attempt to negotiate in good faith an acceptable resolution. If a resolution cannot be negotiated, then the parties agree to submit the dispute to voluntary non-binding mediation before pursuing other remedies. This provision does not limit the CITY'S right to terminate authorized by this Contract.

## 19. Miscellaneous Provisions

- A. Governing Law and Venue. Washington law shall govern the interpretation of this Contract. Pierce County shall be the venue of any mediation, arbitration or litigation arising out of this Contract.
- B. Assignment. The CONTRACTOR shall not assign, subcontract, delegate, or transfer any obligation, interest or claim to or under this Contract or for any of the compensation due hereunder without the prior written consent of the CITY.
- C. No Third Party Beneficiaries. This Contract shall be for the sole benefit of the parties hereto, and nothing contained herein shall create a contractual relationship with, or create a cause of action in favor of, a third party against either party hereto.
- D. Waiver. A waiver or failure by either party to enforce any provision of this Contract shall not be construed as a continuing waiver of such provisions, nor shall the same constitute a waiver of any other provision of this Contract.
- E. Severability and Survival. If any term, condition or provision of this Contract is declared void or unenforceable or limited in its application or effect, such event shall not affect any other provisions hereof and all other provisions shall remain fully enforceable. The provisions of this Contract, which by their sense and context are reasonably intended to survive the completion, expiration or cancellation of this Contract, shall survive termination of this Contract.
- F. Entire Agreement. This Contract and the attached Exhibits, as modified herein, contain the entire agreement between the parties as to the services to be rendered hereunder. All previous and contemporaneous agreements, representations or promises and conditions relating to the subject matter of this Contract are superseded hereby. The parties hereto mutually acknowledge, understand and agree that the terms and conditions set forth herein shall control and prevail over any conflicting terms and conditions stated in any attachments hereto.
- G. Modification. No modification or amendment of this Agreement shall be effective unless set forth in writing and signed by the Parties.
- H. Authority to enter into this Contract. The undersigned Contractor representative, by his/her signature below, represents and warrants that he/she is duly authorized to execute this legally binding Contract for and on behalf of Contractor.

**IN WITNESS WHEREOF** the parties hereto have accepted and executed this Contract as of the Effective Date first written above.

**CITY OF TACOMA**

**NASH CONSULTING, INC.**

\_\_\_\_\_  
William A. Gaines  
Director of Utilities/CEO

\_\_\_\_\_  
Michael Nash, President

Title: \_\_\_\_\_

Address:

18527 Hazel Lane

\_\_\_\_\_  
Chris Robinson  
Power Superintendent/COO

Leavenworth, WA 98826

Tax ID: 81-0579183

\_\_\_\_\_  
Andrew Cherullo  
Finance Director

Approved as to Form:

\_\_\_\_\_  
Deputy City Attorney

## EXHIBIT "A"

## SCOPE OF WORK

The following scope of work is designed for a task order authorization system with proposed and recommended TASKS 1 – 9. Each TASK has a proposed dollar value that is the targeted and estimated planned amount for that line item; however, individual line item overages or under spends may occur at the mutual agreement of both parties so long as they fall under the cumulative contract cap.

YEAR 1	DELIVERABLES and SUB-TASKS	TOTAL YR 1
		235,800
<b>TASK #1</b>	<b>PLAN AND PREPARE</b>	<b>10,500</b>
1.1	Meet with Executive Team	3,500
1.2	Meet with Division Management Teams	3,500
1.3	Meet with Employee Focus Groups	3,500
<b>TASK #2</b>	<b>DELIVER FOUNDATIONAL 5-DAY WORKSHOP SERIES</b>	<b>210,000</b>
	Cohorts of 25 employees each (maximum 30)	
	Cohort series = 5 workshops/5 consecutive weeks	
	275 employees = 12 cohorts	
2.2	Conduct the 5-Day Workshop Series Each \$17,500	210,000
<b>TASK #3</b>	<b>CONDUCT PROGRAM CHECK INS: Provide updates &amp; feedback</b>	<b>10,500</b>
3.1	Quarterly Meetings with ELT	7,000
3.2	Quarterly Meetings with Division Managers/Targeted Groups	3,500
<b>TASK #4</b>	<b>REVIEW CURRENT TRAININGS &amp; PROVIDE RECOMMENDATION</b>	<b>4,800</b>
YEAR 2	DELIVERABLES and SUB-TASKS	TOTAL YR 2
		182,000
<b>TASK #5</b>	<b>TAILOR TRAINING AND FOCUS FOR YEAR 2</b>	<b>10,500</b>
5.1	Meet with Executive Team	3,500
5.2	Meet with Division Management Teams	3,500
5.3	Meet with Employee Focus Groups	3,500
<b>TASK #6</b>	<b>DELIVER 3-DAY WORKSHOP - FOLLOW UP TO THE FOUNDATION COURSE</b>	<b>126,000</b>
	Cohorts varied based on need	
	Cohort series = 3 workshops/3 consecutive days	
	275 employees = 12 cohorts	
6.1	Conduct the 3-Day Workshop Series Each \$10,500	126,000
<b>TASK #7</b>	<b>DELIVER FOUNDATIONAL 5-DAY WORKSHOP SERIES</b>	<b>35,000</b>
	Cohorts of variable size to include new, missed and aspiring supervisors	
	Cohort series = 5 workshops/5 consecutive weeks	
	2 times per year	
7.1	Conduct the 5-Day Workshop Series Each \$17,500	35,000

<b>TASK #8</b>	<b>CONDUCT PROGRAM CHECK INS: Provide updates &amp; feedback</b>	<b>10,500</b>
8.1	Quarterly Meetings with ELT	7,000
8.2	Quarterly Meetings with Division Managers/Targeted Groups	3,500
<b>TASK #9</b>	<b>OPTIONAL CONSULTING SERVICES TO BE USED FOR CONTRACT TERM</b>	<b>OPTION 147,200</b>
9.1	Employee Engagement Survey Assistance	1000
9.2	Design and Implement Individual Assessments (e.g., 180 & 360 degree assessments)	20,000
9.3	Conduct Supplementary Seminars, Trainings & Teambuilding	66,200
9.4	Executive Coaching for Managers	60,000
<i>*Itemization of optional consulting services are estimates and suggestions only.</i>		
<b>TOTAL CONTRACT TERM: 2 YEARS</b>		<b>TOTAL 565,000</b>

### TASK 1 – YR 1: PLAN AND PREPARE

TASK 1.1: Within the first 30 days of executing the contract, **Nash Consulting, Inc. (NASH)** will schedule to meet with the Tacoma Public Utilities Executive Leadership Team (TPU\_ELТ), the Division Section Leadership teams and, as needed, employee focus groups from each Division representing a cross-section of supervisors, managers and leads.

These planning meetings will at a minimum discuss the following:

TPU philosophy, culture, supervisor expectations, sponsorship and commitment from the top, sustainability and long-term objectives for the program, near term scheduling and logistics planning, answer questions, understand the unique operational needs and business drivers for each Division, and identify the names of employees in the respective supervisor, manager, lead and perhaps aspiring leader positions.

### TASK 2 – YR 1: DELIVER FOUNDATIONAL 5-DAY WORKSHOP SERIES

TASK 2.1: Within the first 60 days of executing the contract, **NASH** will confirm a tentative schedule for the first year deployment of the foundational 5-DAY WORKSHOP Series "*Managing the Mind and Heart*" and recommend the employee composition for the cohorts (a cross-section of employees from all Divisions and all position levels).

**TACOMA** will schedule 12 separate cohorts of 25 employees each per workshop series (up to a maximum of 30).

TASK 2.2: **NASH** will complete up to 12 of the 5-Day Workshop series during the first year of the contract running all **TACOMA** supervisors, managers and leads through the training.

The 5-Day Workshop series will be considered mandatory for all identified supervisors, managers and leads working at TPU. **TACOMA** will verify participation as part of TASK 1.

### **TASK 3 – YR 1: CONDUCT PROGRAM CHECK INS**

Each quarter of the program year, **NASH** will provide a progress report, reflect back on previous quarter classes, offer feedback and may conduct spot training for leadership to better prepare and respond to the next quarter classes.

### **TASK 4 – YR 1: REVIEW CURRENT TRAININGS AND PROVIDE RECOMMENDATION**

**TASK 4.1:** Within the first 9 months of the contract, **TACOMA** will collect and summarize training information for **NASH** regarding the external and internal trainings provided and offered to managers, supervisors and leads at TPU for purposes of improving supervisory skills and enhancing leadership competencies.

**TASK 4.2:** **TACOMA** requests that **NASH** review the consolidated training data and incorporate their own expertise and professional judgment, visual observations and anecdotal findings to provide **TACOMA** a summary and recommendation about which trainings to continue and which ones are redundant or contradictory to the intent and practical consistent application of the new leadership program.

**TASK 4.3:** The deliverable shall include a summary from **NASH** of their findings after review, evaluation and analysis of the trainings offered. The summary shall contain a list of trainings that appear to be in alignment and which ones appear to be misaligned and why. **TACOMA** may request an in-person one (1) hour presentation from **NASH** delivering the findings and recommendation to executive and division leadership teams.

### **TASK 5 – YR 2: TAILOR TRAINING AND FOCUS (PLAN AND PREPARE)**

**TASK 5.1:** During the 4<sup>th</sup> Quarter of year one (1), and no later than February of year two (2), **Nash Consulting, Inc. (NASH)** will schedule and meet with the Tacoma Public Utilities Executive Leadership Team (TPU\_EL), the Division Section Leadership teams and, as needed, employee focus groups from each Division representing a cross-section of supervisors, managers and leads.

The purpose of the meetings will be to refine focus and tailor curriculum to reflect the business need and unique operational issues of the Divisions in the design of the 3-Day Workshop series and targeted learnings for year two (2). Discussion may also include participation of aspiring and developing leaders in the foundational 5-Day Workshop series.

**TASK 5.2:** will include a summary email from **NASH** listing the top three – six (3-6) competencies or focus areas that each Division and/or group tailored as part of the 3-Day Workshop series.

**TASK 5.3:** will include a summary email from **NASH** outlining the plan and timeline for the design and delivery of upward facing assessments and action plans (180 degree evaluation) to measure the performance and development of supervisors, managers and leads against the training provided.

### **TASK 6 – YR 2: DELIVER 3-DAY WORKSHOP**

**TASK 6.1:** Within Q1 of year two (2), **NASH** will confirm a tentative schedule for the second year deployment of the 3-DAY WORKSHOP Series.



**TASK 6.2:** NASH will recommend the employee composition for the cohorts (a more homogenous approach that supports targeted Division level training) and TACOMA will schedule up to 12 separate cohorts comprised of a varied number of employees in each targeted workshop series (up to a maximum of 30).

**TASK 6.3:** NASH will complete up to 12 of the 3-Day Workshop series during the second year of the contract running all TACOMA supervisors, managers and leads through the targeted training.

The 3-Day Workshop series will be considered mandatory for all identified supervisors, managers and leads working at TPU. TACOMA will verify participation as part of TASK 5.

#### **TASK 7 – YR 2: DELIVER FOUNDATIONAL 5-DAY WORKSHOP SERIES**

**TASK 7.1:** Within the first quarter of second year, NASH will confirm via email a tentative schedule to deliver two (2) of the 5-DAY WORKSHOP Series "*Managing the Mind and Heart*" during the year.

**TASK 7.2:** The 5-Day Workshop series will be considered mandatory for all new or previously missed supervisors, managers and leads working at TPU who have not already been through the foundational course. TACOMA will verify participation as part of this task.

**TASK 7.3:** Deliverable is completion of two of the 5-Day Workshop series "*Managing the Mind and Heart*."

#### **TASK 8 – YR 2: CONDUCT PROGRAM CHECK INS**

**TASK 8.1:** Deliverable will be a minimum 1 hour meeting each quarter with the TPU\_ELT to provide a progress report, reflect back on previous quarter classes, offer feedback and may conduct spot training to better prepare leadership for continued support.

#### **TASK 9 – CONTRACT TERM: OPTIONAL CONSULTING SERVICES**

The following optional consulting services can be requested of NASH separately under this contract on an as needed, task order basis. Divisions interested in engaging consultant on any of the tasks are encouraged to work through the Strategic People Management workgroup of Tacoma Power / Tacoma Public Utilities to clearly define and submit a task order request using the Task Order Authorization form. The itemized values are for example only and can be adjusted based on task order authorization. Task #9 has a not to exceed cap of \$147,200.

TASK #9	OPTIONAL CONSULTING SERVICES	TASK CAP 147,200
9.1	Employee Engagement Survey Assistance	1000
9.2	Design and Implement Individual Assessments (e.g., 180 & 360 degree assessments)	20,000
9.3	Conduct Supplementary Seminars, Trainings & Teambuilding	66,200
9.4	Executive Coaching for Managers	60,000
	<b>*itemization of optional consulting services are estimates and suggested line item values only</b>	<b>TASK CAP \$147,200</b>

**EXHIBIT "B"**

**SCHEDULE OF RATES**

The following table shows **NASH's** billing rates and indirect expense rates for the term of the contract. These rates are subject to change by mutual agreement and written amendment by the parties hereto.

TASK / TIME BASED	RATE
1 DAY	\$3500
½ DAY	\$2200
Base Hourly Rate	\$300
1:1 Professional Executive Coaching	\$300
Mileage	\$0.575/mile (prevailing Federal rate)
Lodging, Meals and Incidental Costs	GSA approved per diem -- Tacoma WA

**Notice of Cancellation:** In the event TACOMA has to cancel or reschedule a workshop with less than 48 hours advanced notice to NASH, TACOMA agrees to pay the full fee for the planned and missed work.

**EXHIBIT "C"**

**TASK AUTHORIZATION**

**TASK NUMBER \_\_\_\_\_**

Contractor:

The general provisions and clauses of the PROFESSIONAL SERVICES CONTRACT shall be in full force and effect for this Task Authorization. The agreed to scope, schedule, and cost for this task is as listed below and as attached and referenced herein.

Task Title:

Task Location:

Maximum Amount Payable for this Task: \$

Completion Date:

Objective:

Description of Work:

Assumptions:

Authorized Start Date: \_\_\_\_\_

Authorized Finish Date: \_\_\_\_\_

Contractor Signature: \_\_\_\_\_ Date: \_\_\_\_\_

City Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**EXHIBIT "D"**

**SAMPLE INVOICE**

This form is intended to illustrate the information the City of Tacoma needs to process Contract payments. The City of Tacoma prefers that CONTRACTOR use its own standard business invoice forms so long as they include the following information. CONTRACTORS who do not have a standard business invoice form may use this form as their invoice. Your cooperation in providing the information we are requesting will ensure prompt processing of your payments.

I HEREBY REQUEST PAYMENT FOR THE FOLLOWING ITEMIZED SERVICES AND/OR PRODUCT DELIVERABLES:

Services (Describe):

Deliverables (Describe):

AS PER CONTRACT No.: \_\_\_\_\_ AMOUNT DUE: \_\_\_\_\_

I HEREBY CERTIFY THAT THIS BILL IS CORRECT AND JUST AND THAT PAYMENT FOR THE SERVICES AND/OR DELIVERABLES IDENTIFIED HAS NOT BEEN RECEIVED.

BY: \_\_\_\_\_ DATE SIGNED: \_\_\_\_\_  
SIGNATURE:

TITLE: \_\_\_\_\_

ORGANIZATION NAME: \_\_\_\_\_

FEDERAL TAX ID No. or SS No.: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_

PLEASE REMIT PAYMENT TO: (Name and Address of Contractor)

I Attest and Certify that all Services and/or Deliverables identified in this Invoice have been performed and/or supplied.

\_\_\_\_\_  
Contract Administrator Signature

City Dept/Division: Tacoma Power / Generation

Contact Name: Alice Massara  
Phone: 253-502-8876



3628 South 35th Street  
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

EXHIBIT "A"

RESOLUTION NO.: U-10966

ITEM NO.: #2

MEETING DATE: NOVEMBER 15, 2017

**DATE:** October 17, 2017  
**TO:** Board of Contracts and Awards  
**SUBJECT:** Microprocessor-Based Protection and Control Equipment  
Budgeted from various capital and A&R projects  
Request for Bids Specification No. PT17-0344F

**RECOMMENDATION:** Tacoma Public Utilities, Power Division, Transmission & Distribution Section recommends a contract be awarded to low bidder **Schweitzer Engineering Laboratories, Inc., Pullman, WA**, for microprocessor-based protection and control equipment. The recommendation is for an initial three-year contract term in the amount of \$518,901.36, plus the option for two additional one-year renewal periods, for a cumulative total of \$772,600.00, plus sales tax. The specification documents contain market-based provisions for price escalation/de-escalation that will affect overall contract value.

**EXPLANATION:** The purpose of the contract is to support multiple capital and A&R projects that will require new or replacement protection and control equipment at substations and other locations.

**COMPETITIVE SOLICITATION:** Request for Bids Specification No. PT17-0344F was opened September 19, 2017. Six companies were invited to bid in addition to normal advertising of the project. One submittal was received. The submittal only included bids on nineteen of the twenty-one items in the specification document. Per Section 1, part 8 (Acceptance/ Rejection of Bid Proposals), the City reserves the right to award by line item or group of line items and to not award one or more items. The table below reflects the amount of the initial contract term.

<u>Respondent</u>	<u>Location</u> <i>(city and state)</i>	<u>Submittal Amount</u> Plus sales tax
Schweitzer Engineering Laboratories, Inc.	Pullman, WA	\$ 518,901.36
	Pre-bid estimate	\$ 550,000.00

The recommended award is 5.65 percent below the pre-bid estimate.

**CONTRACT HISTORY:** New contract.

**FUNDING:** Funds for this contract are available in the various capital and A&R projects. Funding beyond the current biennium is subject to future availability of funds.

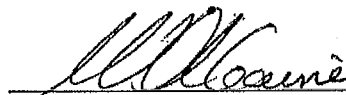
**SBE/LEAP COMPLIANCE:** Not applicable.

PROJECT ENGINEER/COORDINATOR: John Merrell, Transmission & Distribution,  
253-502-8714.

Approved:



Chris Robinson  
Power Superintendent/COO



William A. Gaines  
Director of Utilities/CEO

JPM;jm

cc: Jessica Tonka, Senior Buyer, Finance/Purchasing  
SBE Coordinator  
LEAP Coordinator





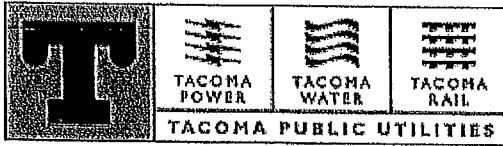


EXHIBIT "A"

RESOLUTION NO.: U-10966

ITEM NO.: #3

MEETING DATE:

**TO:** Board of Contracts and Awards  
**FROM:** Chris Robinson, Power Superintendent  
Jeremy Stewart, Power Analyst, Power Management/Customer Energy Programs  
**COPY:** Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP Coordinator, and Richelle Krienke, Finance/Purchasing  
**SUBJECT:** Retail Conservation Program  
RFP Specification No. PE17-0177F – November 15, 2017  
**DATE:** October 30, 2017

**RECOMMENDATION SUMMARY:**

Tacoma Power recommends a contract be awarded Colehour + Cohen Inc., of Seattle, WA, to implement a retail based energy conservation program, in the amount of \$4,419,997.50, plus any applicable taxes, for an initial contract term of five years with the option to renew for two additional one-year terms, for a projected contract amount of \$ \$6,580,407.50.

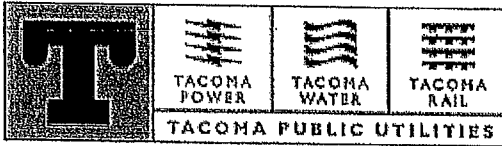
**BACKGROUND:**

Tacoma Power has acquired energy conservation through a retail buy-down program since 2009. Colehour + Cohen will create and execute agreements with industry partners (manufacturers and retailers) to promote, incentivize, and report sales data from industry partners that allow Tacoma Power to claim energy conservation savings required under WAC 194-37.

**ISSUE:** Residential lighting is a significant part of our conservation potential, which is used to determine our I-937 Energy Conservation Target. The Retail Program acquires residential lighting savings by encouraging customers to purchase energy efficient products, such as LED light bulbs and high efficiency showerheads, by providing a discount at the point of sale.

**ALTERNATIVES:** Failing to meet our Energy Conservation Target is not an option. While other programs could find savings elsewhere, failing to continuing the Retail Program would strand a sizable part of our energy conservation potential and disengage Tacoma Power from our residential customers.

**COMPETITIVE SOLICITATION:** Request for Proposals Specification No. PE17-0177F was opened July 11, 2017. Twelve companies were invited to bid in addition to normal advertising of the project. Two submittals were received. A selection advisory committee (SAC) comprised of three members from Tacoma Power ranked proposals using the following categories and weights: Qualifications/Experience of Firm and Key Personnel - 20%; Customer Outreach and Retail Recruitment - 15%; Field Services - 10%; Industry Partners - 10%; Reporting, Payments, and Invoicing – 10%; Project Cost - 25%; Small Business Enterprise (SBE)/Minority and Women's Business Enterprise (MWBE) - 5%; and Submittal Quality, Organization, and Completeness - 5%. The proposal submitted by Colehour + Cohen was ranked the highest by the SAC and provided the best combination of cost, features, and experience.



<u>Respondent</u>	<u>Location</u> (city and state)	<u>Score or Rank</u>
Colehour + Cohen Inc.	Seattle, WA	820
CLEARresult	Seattle, WA	741

Pre-bid Estimate: \$3,000,000 to \$4,000,000  
 The recommended award is 10.5 percent above the pre-bid estimate.

CONTRACT HISTORY: New contract.

SBE/LEAP COMPLIANCE: Not applicable.

**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
2017/2018 Energy Conservation	PWR-00909-02-31	5330100 5421000	\$1,156,415
<b>TOTAL</b>			<b>\$1,156,415</b>

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$1,156,415

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

Chris Robinson  
 Power Superintendent/COO

Approved:

William A. Gaines  
 Director of Utilities/CEO



TACOMA WATER

3628 South 35th Street  
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

EXHIBIT "A"

RESOLUTION NO.: U-10966

ITEM NO.: #4

MEETING DATE: NOVEMBER 15, 2017

**DATE:** October 30, 2017  
**TO:** Board of Contracts and Awards  
**SUBJECT:** Transportation of Solids from the Green River Filtration Facility  
Budgeted from Tacoma Water Fund  
Request for Bids Specification No. WQ17-0374F

**RECOMMENDATION:** Tacoma Water recommends a contract be awarded to low bidder **Nordvind Sewer Service LLC, Auburn, WA** for the transportation of solids from the Green River Filtration Facility. The recommendation is for an initial one-year contract term in the amount of \$107,600.00 plus the option for four additional one-year renewal periods, for a cumulative total of \$538,000.00, sales tax not applicable. The specification documents contain market-based provisions for price escalation/de-escalation that may affect overall contract value.

**EXPLANATION:** The Green River Filtration Facility operations require the removal and disposal of solids that are filtered out of the drinking water supply. Solids handling is divided into two separate contracts: solids disposal and solids hauling. Solids disposal is covered by Regional Disposal Co. under Contract No.460001184. Nordvind Sewer Service LLC has the capability to haul the specific type of steel containers Tacoma Water uses for the collection and transportation of solids, and is transporting solids from the Green River Filtration Facility under the current contract. The solids are hauled from the Green River Filtration Facility to the Regional Disposal Co. transfer station in Seattle, WA.

The actual amount to be paid to the vendor will be based on the number of trips taken.

**COMPETITIVE SOLICITATION:** Request for Bids Specification No. WQ17-0374F was opened October 24, 2017. Five companies were invited to bid in addition to normal advertising of the project. One submittal was received. The table below reflects the amount of the initial contract term.

<u>Respondent</u>	<u>Location</u> <i>(city and state)</i>	<u>Submittal Amount</u>
Nordvind Sewer Service LLC	Auburn, WA	Sales tax not applicable \$ 107,600.00

Pre-bid estimate \$ 110,000.00

The recommended award is two percent below the pre-bid estimate.

**CONTRACT HISTORY:** New contract.

**FUNDING:** Funds for this contract are available in the Tacoma Water Fund 4600. Funding beyond the current biennium is subject to future availability of funds.

SBE/LEAP COMPLIANCE: Not applicable.

PROJECT ENGINEER/COORDINATOR: Celine Mina, Water Quality, 253-502-8937.



117 Scott Dewhirst  
Water Superintendent

Approved:



William A. Gaines  
Director of Utilities/CEO

CM:cm

cc: Doreen Klaaskate, Senior Buyer, Finance/Purchasing



TACOMA WATER

3628 South 35th Street  
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

EXHIBIT "A"

RESOLUTION NO.: U-10966

ITEM NO.: #5

MEETING DATE: NOVEMBER 15, 2017

**DATE:** October 30, 2017  
**TO:** Board of Contracts and Awards  
**SUBJECT:** Water Treatment Chemical Supply for 2018  
Budgeted from Tacoma Water Fund  
Request for Bids Specification No. WQ17-0396F

**RECOMMENDATION:** Tacoma Water recommends a contract be awarded to four low bidders for the supply of water treatment chemicals. The contract period shall be for the 2018 calendar year with no option for renewal. The cumulative total for the four contracts is \$1,240,300.00 plus sales tax.

- **Cascade Columbia Distribution Co, Seattle, WA** for \$180,900.00 (sales tax not applicable)
- **JCI Jones Chemicals, Inc., Tacoma, WA** for \$808,000.00 (sales tax not applicable)
- **Chemtrade Chemicals US LLC, Parsippany, NJ** for \$222,000.00 (plus sales tax)
- **Kemira Water Solutions, Inc., Lawrence, KS** for \$29,400.00 (plus sales tax)

**EXPLANATION:** Contracts are awarded each year for water treatment chemicals, which are delivered in bulk to the Green River Filtration Facility in Ravensdale and Hood Street Reservoir in Tacoma. Water treatment chemicals are used to fluoridate, adjust the pH of, and disinfect the Green River water and South Tacoma groundwater. Chemicals are also required to pre-treat the Green River supply prior to filtration.

**COMPETITIVE SOLICITATION:** Request for Bids Specification No. WQ17-0396F was opened October 24, 2017. Eighteen companies were invited to bid in addition to normal advertising of the project. Eight submittals were received. The table below reflects the amount of the total award. Note that, based on State requirements, sales tax is applicable only to specific chemicals.

<u>Respondent</u>	<u>Location</u> <i>(city and state)</i>	<u>Submittal Amount</u> Sales tax not applicable
<u>Item 1a - Fluorosilicic Acid (Green River Filtration Facility)</u>		
Cascade Columbia Distribution Co	Seattle, WA	\$ 160,800.00
Mosaic Global Sales, LLC	Lithia, FL	\$ 240,400.00
<u>Item 1b - Fluorosilicic Acid (Hood Street Reservoir)</u>		
Cascade Columbia Distribution Co	Seattle, WA	\$ 20,100.00
Mosaic Global Sales, LLC	Lithia, FL	\$ 30,050.00
<u>Item 2 - 50% Sodium Hydroxide (Green River Filtration Facility)</u>		
JCI Jones Chemicals, Inc.	Tacoma, WA	\$ 513,000.00
Univar USA Inc.	Kent, WA	\$ 616,500.00
Cascade Columbia Distribution Co	Seattle, WA	\$ 664,893.00
Northstar Chemical, Inc.	Sherwood, OR	\$ 684,000.00

<u>Respondent</u>	<u>Location</u> (city and state)	<u>Submittal Amount</u> Sales tax not applicable
<u>Item 3 - 25% Sodium Hydroxide (Hood Street Reservoir)</u>		
JCI Jones Chemicals, Inc.	Tacoma, WA	\$ 64,000.00
Univar USA Inc.	Kent, WA	\$ 75,500.00
Cascade Columbia Distribution Co	Seattle, WA	\$ 82,883.00
Northstar Chemical, Inc.	Sherwood, OR	\$ 84,000.00
<u>Item 4 - Sodium Hypochlorite</u>		
JCI Jones Chemicals, Inc.	Tacoma, WA	\$ 231,000.00
HASA, Inc.	Saugus, CA	\$ 237,000.00

<u>Respondent</u>	<u>Location</u> (city and state)	<u>Submittal Amount</u> Plus sales tax
<u>Item 5 - 47-49% Aluminum Sulfate</u>		
Chemtrade Chemicals US LLC	Parsippany, NJ	\$ 222,000.00
Kemira Water Solutions, Inc.	Lawrence, KS	\$ 255,000.00
<u>Item 6 - Aluminum Chlorohydrate</u>		
Kemira Water Solutions, Inc.	Lawrence, KS	\$ 29,400.00
Chemtrade Chemicals US LLC	Parsippany, NJ	\$ 58,800.00
	Pre-bid estimate	\$ 1,200,000.00


The recommended award is 3 percent above the pre-bid estimate.

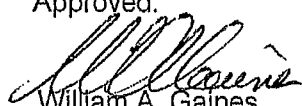
**CONTRACT HISTORY:** New contract.

**FUNDING:** Funds for this contract are available in the 2018 budget of Tacoma Water.

**SBE/LEAP COMPLIANCE:** Not applicable.

**PROJECT ENGINEER/COORDINATOR:** Kim DeFolo, Water Quality, 253-396-3087.

  
Scott Dewhirst  
Water Superintendent

Approved:  
  
William A. Gaines  
Director of Utilities/CEO

KMD:kd  
cc: Doreen Klaaskate, Senior Buyer, Finance/Purchasing

**TABULATION OF BIDS**

PURCHASE ORDER NUMBER:		Kunitz Water Solutions, Inc. Lawrence, KS		Mesale Global Sales, LLC Lithia, FL		Chemtrade Chemicals US LLC Parsippany, NJ		Unihar USA Inc. Kent, WA		Northstar Chemical Sherwood, OR	
QUANTITY	DESCRIPTION	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY
	ALL PRICES QUOTED TO BE F.O.B. DESTINATION, FREIGHT ALLOWED										
400 Wet tons	1a. 23-26% Fluorosilicic Acid (Green River Filtration Facility)	\$ 601.00	\$ 240,400.00								
50 Wet tons	1b. 23-26% Fluorosilicic Acid (Hood Street Reservoir)	\$ 601.00	\$ 30,050.00								
900 Dry tons	2. 50% Membrane-grade Sodium Hydroxide solution (Green River Filtration Facility)							\$ 685.00	\$ 616,500.00	\$ 760.00	\$ 684,000.00
100 Dry tons	3. 25% Membrane-grade Sodium Hydroxide solution (Hood Street Reservoir)							\$ 755.00	\$ 75,500.00	\$ 840.00	\$ 84,000.00
300,000 Gallons	4. 12-15% (NaOCl by weight) Sodium Hypochlorite	\$ 340.00	\$ 285,000.00								
750 Dry tons	5. 47-49% (Al <sub>2</sub> (SO <sub>4</sub> ) <sub>3</sub> ·4H <sub>2</sub> O) Aluminum Sulfate	\$ 290.00	\$ 29,000.00								
80 Tons	6. Aluminum Chlorohydrate										
	SUBTOTAL:		\$ 284,400.00								
	TAX (8.6% on items 6 and 6 only):		\$ 24,458.40								
	ACTUAL NET PRICE:		\$ 308,858.40								

PURCHASE ORDER NUMBER:		Hasa, Inc. Saugus, CA		Cascade Columbia Distribution Co Seattle, WA		JCI Jones Chemicals, Inc. Tacoma, WA	
QUANTITY	DESCRIPTION	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY	ESTIMATED DELIVERY
	ALL PRICES QUOTED TO BE F.O.B. DESTINATION, FREIGHT ALLOWED						
400 Wet tons	1a. 23-26% Fluorosilicic Acid (Green River Filtration Facility)	\$ 402.00	\$ 160,800.00				
50 Wet tons	1b. 23-26% Fluorosilicic Acid (Hood Street Reservoir)	\$ 402.00	\$ 20,100.00				
900 Dry tons	2. 50% Membrane-grade Sodium Hydroxide solution (Green River Filtration Facility)	\$ 735.77	\$ 664,893.00			\$ 570.00	\$ 513,000.00
100 Dry tons	3. 25% Membrane-grade Sodium Hydroxide solution (Hood Street Reservoir)	\$ 828.89	\$ 82,889.00			\$ 940.00	\$ 84,000.00
300,000 Gallons	4. 12-15% (NaOCl by weight) Sodium Hypochlorite					\$ 231.00	\$ 231,000.00
750 Dry tons	5. 47-49% (Al <sub>2</sub> (SO <sub>4</sub> ) <sub>3</sub> ·4H <sub>2</sub> O) Aluminum Sulfate	\$ 0.79	\$ 237,000.00				
80 Tons	6. Aluminum Chlorohydrate						
	SUBTOTAL:		\$ 237,000.00				\$ 809,000.00
	TAX (8.6% on items 6 and 6 only):		\$ -				\$ -
	ACTUAL NET PRICE:		\$ 237,000.00				\$ 809,000.00

Preparer: Kim DeFelo



3628 South 35th Street  
Tacoma, Washington 98409-3192

EXHIBIT "A"

RESOLUTION NO.: U-10966

ITEM NO.: #6

TACOMA PUBLIC UTILITIES

MEETING DATE: NOVEMBER 15, 2017

**DATE:** October 25, 2017  
**TO:** Board of Contracts and Awards  
**SUBJECT:** Waiver of Competitive Solicitation Request – Sole Source  
Contract with Water Management Laboratories, Inc. for Bacteriological Testing  
Budgeted from Tacoma Water Fund  
Contract No. 4600003718

**RECOMMENDATION:** Tacoma Water requests a waiver of competitive procurement procedures and recommends that Contract No. 4600003718 to **Water Management Laboratories, Inc., Tacoma, WA** be increased by \$181,627.50, sales tax not applicable for the provision of specified laboratory services.

**EXPLANATION:** Tacoma Water must routinely collect water samples and have them analyzed for the presence of certain bacteria to ensure safe drinking water and meet State and Federal regulatory requirements. Water Management Laboratories, Inc. is the only local laboratory that is certified for the analyses specified by Tacoma Water. This amendment to the agreement for services will cover bacteriological testing from 2018 to 2020. The estimated cost over the three-year period is \$181,627.50.

**COMPETITIVE SOLICITATION:** Waiver of competitive bidding requested due to sole source. Water Management Laboratories, Inc. is the only drinking water laboratory located in Tacoma or Pierce County that has been accredited by the Washington State Department of Ecology for the bacteriological analyses required by Tacoma Water. Because of the time sensitivity, criticality, and frequency of these samples, transportation or shipment outside of Tacoma or Pierce County would limit staff ability to address important water quality or regulatory concerns and would pose unacceptable risks related to sample handling and chain of custody requirements.

**CONTRACT HISTORY:** Contract #4600003718 was originally approved in 2007. The following summarizes the contract history:

	Term	Date Approved	Total Amount	Resolution No.
Contract #4600003718	2007 – 2008	January 2007	\$94,245.00	U-10088
Amendment No. 1	2009 – 2011	December 2008	\$158,775.00	U-10258
Amendment No. 2	2012 – 2014	November 2011	\$168,000.00	U-10495
Amendment No. 3	2015 – 2017	December 2014	\$174,800.00	NA

The most recent amendment was approved by the Director in 2014 with authority delegated in Resolution No. U-10495. The current increase of \$181,627.50 will bring the contract to a cumulative aggregate total of \$777,447.50, sales tax not applicable, for the period of January 1, 2007 to December 31, 2020. This is the fourth amendment to the contract.

**FUNDING:** Funds for this are available in the 2018 budget of Tacoma Water under Fund 4600.

**SBE/LEAP COMPLIANCE:** Not applicable.

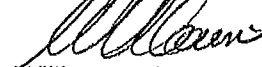


PROJECT ENGINEER/COORDINATOR: Kim DeFolo, Water Quality, 253-396-3087.



*LD*  
Scott Dewhirst  
Water Superintendent

Approved:



William A. Gaines  
Director of Utilities/CEO

KMD:sh

cc: Doreen Klaaskate, Senior Buyer, Finance/Purchasing

MEMORANDUM



**Date:** October 25, 2017

**To:** Dawn Leischner, Purchasing Manager

**From:** Scott Dewhirst, Water Superintendent

**Subject:** Waiver of Competitive Solicitation Request – Sole Source Purchase  
 Contract amendment to Contract No. 4600003718 with Water Management Laboratories Inc. for bacteriological testing

For review and recommendation.

In accordance with Tacoma Municipal Code 1.06.257.A. (Sole Source), Tacoma Water requests a waiver of the competitive solicitation process for laboratory services related to analysis of coliform bacteria for routine distribution, new main installation, and special purpose investigation samples. Analysis of these samples is required for regulatory compliance. The sole source vendor is **Water Management Laboratories, Inc., Tacoma, WA**. This is an ongoing contract, with a three-year estimated total of \$181,627.50, sales tax not applicable.

**“Follow-on” Contracts:**

Is this sole source purchase based on a contract that was previously competitively bid by the City?  
 Yes  No

If “yes”, provide brief history of the initial contract award, bid specification or RFP number, date, etc. Briefly explain relationship of this sole source purchase to previously competitively bid contract.

In the 1990s and early 2000s, contracts for bacteriological testing were competitively bid; however, since that time, laboratories that previously bid have left the area or lost their State certification for the required drinking water parameters. There are no longer any other laboratories in Pierce County that are certified for the required testing.

The current agreement (Contract #4600003718) is a sole source agreement initially approved in 2007. The following summarizes the history of the agreement:

	Term	Date Approved	Total Amount	Resolution No.
Contract #4600003718	2007 – 2008	January 2007	\$94,245.00	U-10088
Amendment No. 1	2009 – 2011	December 2008	\$158,775.00	U-10258
Amendment No. 2	2012 – 2014	November 2011	\$168,000.00	U-10495
Amendment No. 3	2015 – 2017	December 2014	\$174,800.00	NA

The requested sum of \$181,627.50 would bring the contract total value to \$777,447.50, sales tax not applicable.

**Waiver Criteria:**

1. Is there more than one feasible supplier of the product or service in the marketplace?

Yes  No

Briefly explain.

The testing of coliform bacteria is required by State and Federal drinking water regulations. Tacoma Water collects approximately 180 to 200 routine coliform samples from the distribution system each month to meet these regulations. In addition, a varying number of new main installation and special purpose investigation samples are collected. The use of a State-approved drinking water laboratory is required for analysis of all samples.

The coliform monitoring program is among the most regulated and most critical for Tacoma Water. Positive readings of certain samples could lead to public notification and boil water advisories. False positive readings (i.e., detection of bacteria when not present) can, therefore, have substantial consequences. Likewise, a false negative reading (i.e., failure to detect bacteria when actually present) presents potential harm to customers. Based on Tacoma Water's water quality and historical practices, required test methods have been identified that are most suitable for Tacoma Water's samples.

Although there are other drinking water laboratories certified by the State for analysis of coliform bacteria, Water Management Laboratories, Inc. is the only laboratory located within a reasonable distance from Tacoma Water facilities that is certified for the coliform bacteria methods specified by Tacoma Water. Aside from Water Management Laboratories, Inc., the nearest laboratory certified for these methods is located in Olympia. There are a number of issues that require the selection of a local drinking water laboratory for analysis of coliform bacteria. These issues include the following:

- Sample Expiration and Time Sensitivity – Bacteriological samples are ideally set up for analysis within a few hours of collection. Analytical methods allow no more than 24 hours from the time a sample is collected to initiation of sample processing. The use of a local laboratory allows for timely setup and analysis of samples.
- Transportation / Shipping Issues – The use of an out-of-area laboratory would necessitate either shipping the samples or incurring additional labor and vehicular expenses to transport the samples. Shipping the samples introduces a potential break in the chain of custody of the sample and introduces an opportunity for sample loss or error.

Transporting samples with City personnel would cost more and reduce productivity of the workforce. Transporting or shipping samples to an out-of-area laboratory would reduce flexibility in the scheduling of sample collection and impose constraints on the ability to respond to customer inquiries, construction-related samples, or verification samples to return a facility to service.

- Expedient Sample Analysis – The timing of repeat samples (samples taken following a previous positive, or “bad”, sample), special purpose investigation samples, and new main samples cannot always be anticipated. At times, the expediency of analyzing these samples is critical in the determination of whether the water is safe for customers to drink. The use of a local drinking water laboratory allows for the most expedient collection and analysis of samples. The use of a local laboratory also eliminates any reliability issues that may arise from shipping these sensitive samples.
- Premium Cost if Bulk of Testing Completed by Out-of-Area Laboratory – If routine monitoring is conducted by an out-of-area laboratory, it will still be necessary to use the local laboratory on an as-needed basis for the situations described. In the absence of a contract, the cost per individual sample will be significantly greater, resulting in higher cost to the City. The local laboratory may also not be able to prioritize such samples if there is no contract in place.

2. Please support your contention it would be futile to advertise and competitively bid for the product or service as it would result in only one bid:

- a. Describe the screening efforts you engaged in to identify potential suppliers. Include names of potential suppliers, contact person, phone numbers, or addresses.

Given the constraints of a locally (Tacoma or Pierce County) available laboratory properly accredited from the State for the testing required, there is only one available service supplier, Water Management Laboratories, Inc. Using the Department of Ecology Accredited Lab Search database (<https://fortress.wa.gov/ecy/laboratorysearch/>), a query was performed for laboratories accredited for Method SM 9223B-Colisure for total coliform detection. Of the resulting laboratories, Water Management Laboratories, Inc. is the only laboratory located in Pierce County.

- b. Describe any technical or unique product/service attributes that prevent drafting specifications for a competitive bid to which more than one supplier could successfully respond.

This unique service is considered a "service or good where the City has set a standard, either in writing or by practice, given business or operational needs" (Purchasing Policy Manual, Sole Source, Item 2.a.4). It is Tacoma Water's practice - to meet State and Federal standards - to require the specified analyses be performed at a local laboratory.

The vendor is also "the sole provider of goods or services meeting [a] specialized need or performing the intended function" (Purchasing Policy Manual, Sole Source, Item 2.d). Water Management Laboratories, Inc. is the only drinking water laboratory located in Tacoma or Pierce County that has been certified by the State for analysis of coliform bacteria using the analytical methods specified by Tacoma Water. Because of the time sensitivity and criticality of these samples, transportation or shipment of samples outside of Tacoma and Pierce County would reduce the ability of staff to address important water quality or regulatory concerns and would pose unacceptable risks to sample handling and chain of custody.

- c. Is the product available only through one vendor? Yes  No

If "yes", such certification should be in writing from the manufacturer (not the vendor) and supported by results of the screening process or validated by the Purchasing Division.

Written certification attached? Yes  No

There are other accredited drinking water laboratories in Washington State; however, Water Management Laboratories, Inc. is the only one approved for the analytical methods for coliform bacteria required by Tacoma Water and located in Tacoma or Pierce County. Attached are results from the Department of Ecology Accredited Lab Search database in which a search was performed for all laboratories in Washington State that are certified to perform the SM 9223 B Colisure test (a Tacoma water requirement). Water Management Laboratories was the only laboratory returned by the query that is located in Pierce County.

- d. What efforts were made to assure the City is receiving the lowest or best price possible?

Written confirmation has been secured from Water Management Laboratories, Inc. indicating that the prices offered to Tacoma Water are as low or lower than like services offered to other customers (see attached letter).

This pricing is very much in line with what Tacoma Water currently pays for like analyses of Green River Filtration Facility water at Seattle Public Utilities laboratory.

Written certification from manufacturer or vendor attached (optional)? Yes  No

- e. Is this a one-time purchase? Yes  No  Total amount: \_\_\_\_\_  
If "no," estimated total dollar amount over three-year period: \$181,627.50

Other supporting documentation attached? Yes  No

City Contact person: Kim DeFolo Phone: 253-396-3087


by Scott Dewhirst, Water Superintendent  
Department/Division Head (Please Print)

  
Department/Division Head Signature      Date 10/25/17

  
Authorizing Signature, If Applicable

cc: Doreen Klaaskate, Senior Buyer, Finance/Purchasing

<b>Purchasing Use Only</b>	
Approved _____	Rejected _____
None (after the fact) _____	
Date _____	By _____



# Lab Search

[Home](#)   [LabName](#)   [Matrix](#)   [Analyte](#)   [Method](#)   [WA City](#)   [WA County](#)   [State](#)   [Accepts Public Samples](#)   [Advanced](#)   [Help](#)

Laboratory Name:

Matrix:

Category and Method:

Analyte:

In Washington State by City:

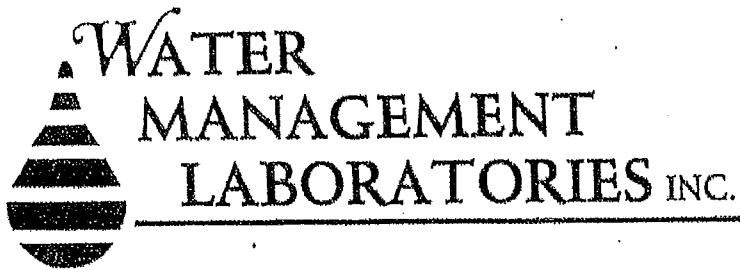
Outside Washington State:

Show only Labs that accept public samples

CompanyName	City	State	MatrixDescription	Matrix	Category	MethodName	MethodCode	AnalyteName	AnalyteID
<a href="#">AmTest Laboratories</a>	Kirkland	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Benton-Franklin Health District Lab</a>	Kennewick	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Centric Analytical Labs, LLC</a>	Port Orchard	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Edge Analytical Inc. - Bellingham</a>	Bellingham	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Lab/Cor, Inc.</a>	Seattle	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Seattle-King Co Dept of Public Health Lab</a>	Seattle	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Spectra Laboratories - Kitsap, LLC</a>	Poulsbo	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Thurston County Health Department Laboratory</a>	Olympia	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020
<a href="#">Water Management Laboratories, Inc.</a>	Tacoma	WA	Drinking Water	D	Microbiology	SM 9223 B Collsure	20231407	Total Coli/Ecoli - detect	WA6020

[Ecology Home](#)   [Accreditation Home](#)   [Contacts](#)

LabSearch Version: 1.1



1515 80th St. E.  
Tacoma, WA 98404  
(253) 531-3121

September 25, 2017

Tacoma Public Utilities  
Tacoma Water  
3628 South 35<sup>th</sup> Street  
Tacoma, WA 98409-3192  
Attn: Kim Defolo

Dear Ms. Defolo:

In reference to the proposed consultant agreement for 2018, 2019, and 2020 the following is submitted.

For the year 2018 the City of Tacoma, Water Division's price will be \$16.00 for each Total Coliform and HPC analyses. Colilert 18 (18 hour method) will be \$ 20.00.

For the year 2019 the City of Tacoma, Water Division's price will be \$16.50 for each Total Coliform and HPC analyses. Colilert 18 (18 hour method) will be \$ 20.50.

For the year 2017 the City of Tacoma, Water Division's price will be \$16.75 for each Total Coliform and HPC analyses. Colilert 18 (18 hour method) will be \$ 20.75.

Pre-printed bacteriological forms will be furnished at \$0.35 each.

The prices offered for 2018, 2019, and 2020 are as low as similar cities and mutuals, based on size and volume.

Please feel free to call if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Christa Garrettson".

Christa Garrettson  
President

CG:lcp



**AMENDMENT NO. 4 TO AGREEMENT NO. 4600003718**

**THIS AMENDMENT**, made and entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2017 (Effective Date), by and between the **CITY OF TACOMA**, a municipal corporation of the state of Washington (hereinafter referred to as the "CITY"), and **WATER MANAGEMENT LABORATORIES, INC.**, a Washington corporation (hereinafter referred to as "CONTRACTOR");

**WITNESSETH**

**WHEREAS** the CITY and the CONTRACTOR entered into a Contract for the analyses and proper reporting of analyses results of certain water samples (herein "Contract"), on or about January 1, 2007, and

**WHEREAS** the CITY and the CONTRACTOR entered into Amendment No. 1 to the Contract on or about December 26, 2008, for the purposes of increasing the compensation allowed under the Contract, extending the time for performance, and supplementing the Scope of Work, and

**WHEREAS** the CITY and the CONTRACTOR entered into Amendment No. 2 to the Contract on or about November 22, 2011, for the purposes of increasing the compensation allowed under the Contract, extending the time for performance, and supplementing the Scope of Work, and

**WHEREAS** the CITY and the CONTRACTOR entered into Amendment No. 3 to the Contract on or about December 31, 2014, for the purposes of increasing the compensation allowed under the Contract by \$174,800 from \$421,020 for a new not to exceed amount of \$595,820, extending the time for performance and the contract termination date to December 31, 2017, and supplementing the Scope of Work, and

**WHEREAS** the CITY and the CONTRACTOR desire to again amend the Contract in order to increase the compensation allowed under the Contract by \$181,627.50 for a new not to exceed amount of \$777,447.50, to further extend the time for performance and the termination date to December 31, 2020, and to supplement the Scope of Work.

**NOW, THEREFORE**, in consideration of the mutual promises and obligations hereinafter set forth, the parties agree as follows:

1. The sum authorized for services under the Contract is hereby increased by \$181,627.50 from \$595,820.00 to \$777,447.50.

2. The termination date of the Contract is hereby extended from December 31, 2017, to December 31, 2020.
3. The Scope of Work and Cost Summary, authorized under Attachment A and Attachment B of the Contract, are hereby amended to include the Scope of Work and Cost Summary attached as Exhibit A-4 and Exhibit B-4 to this Amendment and incorporated herein.
4. All other terms of the Contract, together with all exhibits, are hereby ratified and shall remain in full force and effect; unaltered by this Amendment.

**IN WITNESS WHEREOF** the parties hereto have executed this Amendment No. 4 as of the Effective Date first written above.

**CITY OF TACOMA**

**WATER MANAGEMENT LABORATORIES,  
INC.**

\_\_\_\_\_  
William A. Gaines, Director of Utilities/CEO

\_\_\_\_\_  
Authorized Representative of Water  
Management Laboratories, Inc.

Approved:

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Scott Dewhirst, Water Superintendent

Tax ID.: \_\_\_\_\_

Approved:

\_\_\_\_\_  
Finance Director

Approved as to Form:

\_\_\_\_\_  
Deputy City Attorney

## Exhibit "A-4"

### Contract Scope of Work

#### 1. OVERVIEW

This Scope of Work describes the water samples that will be delivered to, and the services to be provided by, Water Management Laboratories, Inc., along with certain requirements for sample holding times, standard methods of analysis to be employed, sample containers and sample slips to be provided, and the notification procedures for sample results.

All samples shall be collected by Tacoma Water staff, or their designees, and transported to Water Management Laboratories located at 1515 80<sup>th</sup> St. E., Tacoma, WA.

#### 2. SAMPLE DESCRIPTIONS

There are generally three categories of samples that will be submitted to Water Management Laboratories:

**Drinking Water Samples** – Samples collected in the distribution system routinely, or in some cases as follow-up repeat samples, and for the purposes of meeting Washington State Department of Health requirements for coliform monitoring under WAC 246-290-300 through 320. These will be marked "ROUTINE DRINKING WATER."

**Drinking Water Samples** will be analyzed using *Membrane Filter (MF) technique (SM9222B)* or the *Presence/Absence (SM9223B - Colisure) Method*. Typically the MF technique will be used. The *18-hour (SM9223B - Colilert-18)* will be used only upon special request by Tacoma Water.

**Drinking Water Samples** will also be analyzed for *Heterotrophic Plate Counts using the Pour Plate Method (SM9215B)* whenever the free chlorine residual on the sample slip is less than 0.20 mg/L.

**New Water Mains Project Samples** – Samples collected to demonstrate adequate cleaning and disinfection of newly installed, or in some cases repaired, water mains. These will be marked "NEW CONSTRUCTION" or "REPAIRS."

**New Water Mains Project Samples** will be analyzed using *Membrane Filter (MF) technique (SM9222B)* or the *Presence/Absence (SM9223B-Colisure – CPRG) Method*. Typically the MF technique will be used.

**Special Purpose Investigation or Study Samples** – Samples collected during customer inquiries or other special monitoring projects. These will be marked "OTHER" with specified information.

**Special Purpose Investigation or Study Samples** may be analyzed using the Drinking Water Samples methods described above. Some samples may be analyzed for fecal coliform bacteria using the *Membrane Filter (MF) technique (SM9222D)*.

3. **SAMPLE HOLDING TIME**

Time is of the essence and analysis shall be started within eight hours of receipt.

The laboratory should be prepared to receive samples as late as 3:00 PM on Monday through Friday. The Water Quality Manager or his representative will coordinate sampling schedules with the laboratory during holiday periods.

4. **LABORATORY METHODS**

The analyses shall be done in accordance with "Standard Methods for the Examination of Water and Wastewater" latest edition, and shall be reported in accordance with State of Washington Department of Health regulations.

5. **SAMPLE CONTAINERS and SAMPLE SLIPS**

Appropriate sample containers (including labels) for all analyses will be provided by the laboratory. These containers will either be picked up by Tacoma Water or delivered at no extra cost to Tacoma Water at 3506 South 35<sup>th</sup> St., Tacoma, WA 98409. The sample containers provided for all the testing shall be disposable containers or a substitute approved by the Water Quality Manager.

Preprinted sample slips will be provided for each sample bottle, or provided in a separate delivery for use.

6. **REQUIREMENTS / ESTIMATED QUANTITIES**

**The quantities given in this contract agreement are estimates only. Quantities may be increased or decreased as Tacoma Water requirements dictate.** Tacoma Water will deliver water samples to the laboratory on Monday through Friday excluding holidays. Samples are usually delivered for analysis before 3:00 PM.

The laboratory service will be in accordance with this contract through December 31, 2020.

7. **LABORATORY ACCREDITATION**

These analyses must be performed in a Washington State-accredited laboratory for drinking water testing. Washington State accreditation must be maintained in good standing throughout the contract life. If accreditation for the required analyses is suspended at any time during the contract, Tacoma Water will be notified immediately.

8. **NOTIFICATION**

In general, results will be reported to Tacoma Water via the standard Washington State Department of Health hard copy in a timely manner with invoices; however, **special reporting will be required as follows:**

**Drinking Water Sample with Coliform – Unsatisfactory result or presumptive positive result** Tacoma Water must be **immediately notified** of any unsatisfactory result, including presumptive positive results. The Water Quality Section at Tacoma Water will be notified in the order listed via the following call-down list **until a person is reached** during normal business hours (8:00 AM –

4:30 PM Monday-Friday, excluding normal holidays). It is essential that a person be contacted as soon as possible to initiate follow-up activities.

<u>Name</u>	<u>Office Phone</u>	<u>Mobile Phone</u>
Scott Hallenberg	(253) 502-8215	(253) 208-5345
Water Quality Office	(253) 502-8207	
Water Control Center	(253) 502-8344 – 24 hour/day operation	
Craig Downs	(253) 396-3063	(253) 318-6695
Kelly Cooper	(253) 502-8392	(253) 208-6221
Rod Mapes	(253) 502-8340	(253) 377-6980
Daniel Broussard	(253) 502-8665	(253) 377-5699
Jeremy Banks	(253) 779-7719	(253) 377-1900
Chris McMeen	(253) 502-8210	(253) 377-8739

If Water Management Laboratories becomes aware of an **unsatisfactory** result after normal business hours or on a holiday, Tacoma Water will be notified through the Water Control Center at (253) 502-8344.

**New Water Mains Project Samples**

The Construction Supervisor or his representative must be **immediately notified** both by telephone, (253) 502-8742, and by fax (253) 502-8694, for all results of new water mains project samples.

**Special Purpose Investigation or Study Samples**

The Water Quality Regulatory Compliance Operations Manager or his representative must be **immediately notified** by telephone (253) 502-8215, when any sample contains either total or fecal coliform.

**Exhibit "B-4"**

**Contract Cost Summary**

Unit prices for all items shall be complete and include cost to provide properly prepared sample containers and evaluation for the presence of *E. coli* in the event of total coliform presence (Item 1a and 1b). Preprinted laboratory sample slips will be priced separately. Samples will be delivered to Water Management Laboratories for processing. Tacoma Water reserves the right to increase or decrease the number of tests required in order to properly operate its system and maintain its compliance status. Payments will be made monthly upon the bills rendered by the Contractor during the previous month.

**Drinking Water Samples, New Water Mains Project Samples, and Special Purpose Investigation or Study Samples, as described in Exhibit A-4.**

**2018**

<u>Item</u>	<u>Annual Quantity</u>	<u>Description</u>	<u>Price Per Test</u>	<u>Annual Total</u>
1a.	2,800 tests	Drinking water total coliform tests (SM9222B – Membrane Filtration)	@ \$16.00	\$44,800.00
1b.	700 tests	Drinking water total coliform tests – Presence/Absence (SM9223B – Colisure Method)	@ \$16.00	\$11,200.00
2.	50 tests	Drinking water heterotrophic plate count tests (SM9215B)	@ \$16.00	\$800.00
3.	50 tests	Drinking water total coliform tests – 18-hour (SM9223B – Colilert-18 Method)	@ \$20.00	\$1,000.00
4.	3,550 slips	Preprinted laboratory sample slips	@ \$0.35	\$1,242.50
<b>2018 TOTAL ITEMS 1-4</b>				<b><u>\$59,042.50</u></b>

**2019**

<u>Item</u>	<u>Annual Quantity</u>	<u>Description</u>	<u>Price Per Test</u>	<u>Annual Total</u>
1a.	2,800 tests	Drinking water total coliform tests (SM9222B – Membrane Filtration)		

			@ \$16.50	\$46,200.00
1b.	700 tests	Drinking water total coliform tests – Presence/Absence (SM9223B – Colisure Method)	@ \$16.50	\$11,550.00
2.	50 tests	Drinking water heterotrophic plate count tests (SM9215B)	@ \$16.50	\$825.00
3.	50 tests	Drinking water total coliform tests – 18-hour (SM9223B – Colilert-18 Method)	@ \$20.50	\$1,025.00
4.	3,550 slips	Preprinted laboratory sample slips	@ \$0.35	\$1,242.50
<hr/>				
<b>2019 TOTAL ITEMS 1-4</b>				<b><u>\$60,842.50</u></b>

<b>2020</b>				
<u>Item</u>	<u>Annual Quantity</u>	<u>Description</u>	<u>Price Per Test</u>	<u>Annual Total</u>
1a.	2,800 tests	Drinking water total coliform tests (SM9222B – Membrane Filtration)	@ \$16.75	\$46,900.00
1b.	700 tests	Drinking water total coliform tests – Presence/Absence (SM9223B – Colisure Method)	@ \$16.75	\$11,725.00
2.	50 tests	Drinking water heterotrophic plate count tests (SM9215B)	@ \$16.75	\$837.50
3.	50 tests	Drinking water total coliform tests – 18-hour (SM9223B – Colilert-18 Method)	@ \$20.75	\$1,037.50
4.	3,550 slips	Preprinted laboratory sample slips	@ \$0.35	\$1,242.50
<hr/>				
<b>2020 TOTAL ITEMS 1-4</b>				<b><u>\$61,742.50</u></b>

**ESTIMATED TOTAL COST 2018 – 2020**      **\$181,627.50**



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## RESOLUTION NO. U-10967

A RESOLUTION authorizing an amendment to contracts with Lamar Company LLC, to provide out-of-home advertising for ("CEP") and Click!.

WHEREAS, The Lamar Company LLC ("Lamar") is the sole provider of outdoor poster advertising in the greater Tacoma/Pierce County area, and the City of Tacoma, Department of Public Utilities ("TPU"), entered into two directly negotiated contracts in 2017, one for \$30,250 for Customer Energy Programs ("CEP") and one for \$133,140 for Click!, for out-of-home advertising, and

WHEREAS, TPU desires to increase the contracts by \$60,754.40 for CEP, and by \$109,050.08 for Click! effective through December 31, 2018, and

WHEREAS CEP and Click! believe it is in the best interests of its customers to increase the contracts; Now, Therefore:

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE TPU OF TACOMA:

That the proposed amendment to the contracts with Lamar in the amount of \$60,754.40 for CEP (for a cumulative total of \$91,004.40) and \$109,050.08 for Click! (for a cumulative total of \$248,190.08) for out-of-home advertising through December 31, 2018, is approved, and the proper officers of the City are authorized to execute said amendment substantially in the form as on file with the Clerk and as approved by the City Attorney.

Approved as to form and legality:

*William Foster*  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_



Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date: November 2, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Amend existing contracts with Lamar Outdoor for 2018 by \$60,754.40 for CEP and \$109,050.08 for Click for cumulative totals of \$91,004.04 and \$248,190.08, respectively.

2. A resolution is requested to increase the spending with Lamar Outdoor to provide ongoing out-of-home advertising for CEP residential energy conservation programs (transit tails and interior bus signage) and Click (outdoor billboard posters and transit tails) through December 31, 2018.

3. In addition to already being the sole provider of outdoor poster advertising in the greater Tacoma/Pierce County area, Lamar recently acquired the Pierce Transit contract from Intersection, making them also the sole provider of transit advertising in the area. CEP, formerly CRM, used transit advertising in 2016 (with Intersection from May to November) and in 2017 (with Lamar from July to October)(so technically not a contract amendment, but instead an additional contract for CEP), and would like to again use bus tails and interior bus signage to promote our conservation programs. Click has been using outdoor and transit to promote cable and internet for several years now, and hopes to continue creating awareness through these channels.

4. Attachments:

- Click 2018 Billboard space and production contract
- Click 2018 Transit space contract
- Click 2018 Transit production contract
- CEP Transit space contract
- CEP Transit production contract

5.






Funds available



Proposed action has no budgetary impact

6. Deviations requiring special waivers:

<p>Originated by:</p>  <hr/> <p>Section Head</p>	<p>Requested by:</p>  <hr/> <p>Interim Deputy Director for Public Affairs and Communications</p> <p>Division Head</p>	<p>Approved:</p>  <hr/> <p>Director of Utilities</p>
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Document1



TACOMA PUBLIC UTILITIES  
3628 South 35th Street  
Tacoma, Washington 98409-3192

**TO:** William A. Gaines, Director of Utilities/CEO  
**FROM:** Jim Sant, Interim Deputy Director for Public Affairs and Communications  
**DATE:** November 2, 2017  
**RE:** Lamar Contract Increase

**Recommendation:**

Marketing Communications recommends approval to increase the contract with Lamar, a Louisiana corporation, by \$60,754.40 for Customer Energy Programs and \$109,050.08 for Click for cumulative totals of \$91,004.40 and \$248,190.08, respectively, and to extend the contract through December 31, 2018.

**Explanation:**

CEP, formerly CRM, used transit advertising in 2016 (with Intersection from May to November) and in 2017 (with Lamar from July to October), and would like to again use bus tails and interior bus signage to promote our conservation programs in 2018. This technically would not be a contract amendment for CEP, but instead an additional new contract. However, because of the continuity with Click and the large overall spend, as well as the fact that Lamar recently acquired the Pierce Transit contract from Intersection, we felt it important to include this information in our request.

Click! has been using outdoor and transit to promote cable and internet on an ongoing basis for several years now, and hopes to continue creating awareness through these channels. Click's current contract expires December 24, 2017.

**Competitive Bidding:**

Pursuant to TMC 1.06.269B, the Director of Utilities has determined that the waiver of formal competitive solicitation requirements for this Amendment is in the best interests of Tacoma Public Utilities.



**Contract History:**

LAMAR	Run Dates	Spend
CEP (CRM) - Bus Tails	7/19-8/2/17	\$5,550
	8/3-8/30/17	\$11,100
	9/25-10/22/17	\$11,100
CEP (CRM) - Interior Car Cards	7/19-8/2/17	\$500
	8/3-8/30/17	\$1,000
	9/25-10/22/17	\$1,000
<b>TOTAL CRM 2017:</b>		<b>\$30,250</b>
Click! - Poster Panels	Production	\$6,200
	5/2/2016-5/29/16	\$5,000
	5/30/2016- 6/26/16	\$5,000
	6/27/2016-7/24/16	\$5,000
	7/25/2016-8/21/16	\$5,000
	8/22/2016-9/18/16	\$5,000
	9/19/2016-10/16/16	\$5,000
	Production	\$9,800
	10/17/16-11/13/16	\$5,000
	11/14/16-12/11/16	\$5,000
	12/12-1/8/17	\$5,000
	1/9-2/5/17	\$5,000
	2/6-3/5/17	\$5,000
	3/6-4/2/17	\$5,000
	4/3-4/30/16	\$5,000
	5/1-5/28/17	\$5,000
	5/29-6/25/16	\$5,000
	6/26-7/23/17	\$5,000
	7/24-8/20/17	\$5,000
	8/21-9/17/17	\$5,000
	9/18-10/15/17	\$5,000
	10/16-11/12/17	\$5,000
	11/13-12/24/17	\$5,000
Click! - Bus Tails	Production	\$1,490
	7/5-8/1/17	\$5,550
	9/5-10/2/17	\$5,550
	11/6-12/3/17	\$5,550
<b>TOTAL CLICK 2016-2017:</b>		<b>\$139,140</b>

**Funding:** Funds are available in Residential Customer Energy Programs' and Click's 2018 budgets.

APPROVED:



William A. Gaines  
 Director of Utilities/CEO



3628 South 35th Street  
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

**Date:** November 2, 2017  
**To:** William A. Gaines, Director of Utilities/CEO  
**From:** Jim Sant, Interim Deputy Director for Public Affairs and Communications  
**Subject:** Authorization of Direct Negotiation for Professional Services and Personal Services over \$25,000  
Lamar

For your review and recommendation.

TMC 1.06.256 requires competitive solicitation of all services. Wherever possible, services should be procured as a result of a request for bids, request for proposals or request for qualifications, as appropriate. TMC 1.06.256 (B) allows for direct negotiation of professional services and personal services, excluding architectural and engineering services, when determined by the city manager or director of utilities/CEO, or their respective designees, to be in the best interest of the City.

**RECOMMENDATION:** In accordance with TMC 1.06.256 (B), Customer Energy Programs, Click! Cable TV and Public Affairs and Communications requests a waiver of the competitive solicitation process and authorization to directly negotiate with **Lamar**, for continued transit and outdoor advertising, for an estimated amount of \$60,754.40 for CEP and \$109,050.08 for Click, sales tax not applicable.


**EXPLANATION:** A resolution is requested to increase the contracted spend with Lamar to promote awareness and participation in Tacoma Power's customer energy conservation programs and Click Cable TV acquisition. The contract scope includes space and production costs for advertising throughout 2018.

**JUSTIFICATION FOR DIRECT NEGOTIATION:** Lamar is now the sole provider of transit advertising and outdoor poster advertising in the greater Tacoma/Pierce County area.

**FUNDING:** Funds for this purchase are available in the 562400 Cost Center for CEP and 552300 Cost Center for Click.

**HUB COMPLIANCE:** HUB staff were not contacted. Not applicable (TPU).

**PROJECT COORDINATOR:** Rebekah Anderson, Marketing Communications, 253-441-4598.

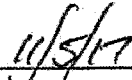
  
\_\_\_\_\_  
Jim Sant, Interim Deputy Director for  
Public Affairs and Communications

11/2/17

\_\_\_\_\_  
Date

AUTHORIZED:

  
\_\_\_\_\_  
William A. Gaines, Director of Utilities/CEO

  
\_\_\_\_\_  
Date

cc: Chuck Blankenship, Senior Buyer, Finance/Purchasing

Seattle, WA  
 3601 Sixth Avenue South  
 Seattle, WA 98134  
 Phone: 206-682-3833  
 Fax:

**LAMAR**  
**CONTRACT # 2885929**

Date: 10/16/2017  
 New/Renewal: RENEWAL  
 Account Executive: Mike Luinstra  
 Phone: 206-682-3833

CONTRACTED DIRECTLY BY ADVERTISER	
Customer #	652818-0
Name	CLICK NETWORK
Address	PO BOX 11007
City/State/Zip	TACOMA, WA 98411
Contact	Julie Jensen
Email Address	jvjensen@ci.tacoma.wa.us
Phone #	(253) 502-8925
Fax #	
P.O./ Reference #	
Advertiser/Product	CLICK NETWORK
Campaign	

Production/Other Services							
Department	Plant	Production Type	Misc	Service Dates	# Billing Periods	Invest Per Period	Cost
Poster Flex	425 Seattle, WA	Production of (12) posters for the 1/1 post date.		12/18/17	1	\$1,200.00	\$1,200.00
Poster Flex	425 Seattle, WA	Production of (12) posters for the 2/26 postings		02/12/18	1	\$1,200.00	\$1,200.00
Poster Flex	425 Seattle, WA	Production of (12) posters for the 4/23 posting.		04/09/18	1	\$1,200.00	\$1,200.00
Poster Flex	425 Seattle, WA	Production of (12) posters for the 6/18 posting		06/04/18	1	\$1,200.00	\$1,200.00
Poster Flex	425 Seattle, WA	Production of (12) posters for the 8/13 posting		07/30/18	1	\$1,200.00	\$1,200.00
Poster Flex	425 Seattle, WA	Production of (12) posters for the 10/8 posting		09/24/18	1	\$1,200.00	\$1,200.00
Poster Flex	425 Seattle, WA	Production of (12) posters for the 12/3 posting.		11/19/18	1	\$1,200.00	\$1,200.00
Total Production/Other Services Costs:							\$8,400.00

Space											
# of Panels: 12										Billing Cycle: Every 4 weeks	
Panel # TAB ID	Market	Location	Illum	Media Type	Size	Misc	Service Dates	# Billing Periods	Invest Per Period	Cost	
TBD (12)	425-PIERCE, WA	TBD	Yes	Poster			01/01/18-12/30/18	13	\$6,000.00	\$78,000.00	
Total Space Costs:										\$78,000.00	
Total Costs:										\$86,400.00	

Special Considerations: Contract can be cancelled with 60-days written notice if Click Network discontinues to exist as a cable provider.

Advertiser authorizes and instructs The Lamar Companies (Lamar) to display in good and workmanlike manner, and to maintain for the terms set forth above, outdoor advertising displays described above or on the attached list. In consideration thereof, Advertiser agrees to pay Lamar all contracted amounts within thirty (30) days after the date of billing. Advertiser acknowledges and agrees to be bound by the terms and conditions on all pages of this contract.

The Agency representing this Advertiser in the contract executes this contract as an agent for a disclosed principal, but hereby expressly agrees to be liable jointly and severally and in solido with Advertiser for the full and faithful performance of Advertiser's obligations hereunder. Agency waives notice of default and consents to all extensions of payment.

The undersigned representative or agent of Advertiser hereby warrants to Lamar that he/she is the Manager

(Officer/Title)

of the Advertiser and is authorized to execute this contract on behalf of the Advertiser.

INITIALS



Seattle, WA  
3601 Sixth Avenue South  
Seattle, WA 98134  
Phone: 206-682-3833  
Fax:



CONTRACT # 2885929

Date: 10/16/2017  
New/Renewal: RENEWAL  
Account Executive: Mike Luinstra  
Phone: 206-682-3833

Customer:	CLICK NETWORK
Signature:	(signature above)
Name:	(print name above)
Date:	(date above)

THE LAMAR COMPANIES	This contract is NOT BINDING UNTIL ACCEPTED by a Lamar General Manager.	
ACCOUNT EXECUTIVE: Mike Luinstra	GENERAL MANAGER	DATE

**STANDARD CONDITIONS**

1. Late Artwork: The Advertiser must provide or approve art work, materials and installation instructions ten (10) days prior to the initial Service Date. In the case of default in furnishing or approval of art work by Advertiser, billing will occur on the initial Service Date.
2. Copyright/Trademark: Advertiser warrants that all approved designs do not infringe upon any trademark or copyright, state or federal. Advertiser agrees to defend, indemnify and hold Lamar free and harmless from any and all loss, liability, claims and demands, including attorney's fees arising out of the character contents or subject matter of any copy displayed or produced pursuant to this contract.
3. Payment Terms: Lamar will, from time to time at intervals following commencement of service, bill Advertiser at the address on the face hereof. Advertiser will pay Lamar within thirty (30) days after the date of invoice. If Advertiser fails to pay any invoice when it is due, in addition to amounts payable thereunder, Advertiser will promptly reimburse collection costs, including reasonable attorney's fees plus a monthly service charge at the rate of 1.5% of the outstanding balance of the invoice to the extent permitted by applicable law. Delinquent payment will be considered a breach of this contract. Payments will be applied as designated by the Advertiser; non designated payments will be applied to the oldest invoices outstanding.
4. Service Interruptions: If Lamar is prevented from posting or maintaining any of the spaces by causes beyond its control of whatever nature, including but not limited to acts of God, strikes, work stoppages or picketing, or in the event of damage or destruction of any of the spaces, or in the event Lamar is unable to deliver any portion of the service required in this contract, including buses in repair, or maintenance, this contract shall not terminate. Credit shall be allowed to Advertiser at the standard rates of Lamar for such space or service for the period that such space or service shall not be furnished or shall be discontinued or suspended. In the case of illumination, should there be more than a 50% loss of illumination, a 20% pro-rata credit based on four week billing will be given. If this contract requires illumination, it will be provided from dusk until 11:00p.m. Lamar may discharge this credit, at its option, by furnishing advertising service on substitute space, to be reasonably approved by Advertiser, or by extending the term of the advertising service on the same space for a period beyond the expiration date. The substituted or extended service shall be of a value equal to the amount of such credit.
5. Entire Agreement: This contract, all pages, constitutes the entire agreement between Lamar and Advertiser. Lamar shall not be bound by any stipulations, conditions, or agreements not set forth in this contract. Waiver by Lamar of any breach of any provision shall not constitute a waiver of any other breach of that provision or any other provision.
6. Copy Acceptance: Lamar reserves the right to determine if copy and design are in good taste and within the moral standards of the individual communities in which it is to be displayed. Lamar reserves the right to reject or remove any copy either before or after installation, including immediate termination of this contract.
7. Termination: All contracts are non-cancellable by Advertiser without the written consent of Lamar. Breach of any provisions contained in this contract may result in cancellation of this contract by Lamar.
8. Materials/Storage: Production materials will be held at customer's written request. Storage fees may apply.
9. Installation Lead Time: A leeway of five (5) working days from the initial Service Date is required to complete the installation of all non-digital displays.
10. Customer Provided Production: The Advertiser is responsible for producing and shipping copy production. Advertiser is responsible for all space costs involved in the event production does not reach Lamar by the established Service Dates. These materials must be produced in compliance with Lamar production specifications and must come with a 60 day warranty against fading and tearing.

INITIALS





Seattle, WA  
3601 Sixth Avenue South  
Seattle, WA 98134  
Phone: 206-682-3833  
Fax:



CONTRACT # 2885929

Date: 10/16/2017  
New/Renewal: RENEWAL  
Account Executive: Mike Luinstra  
Phone: 206-682-3833

11. Bulletin Enhancements: Cutouts/extensions, where allowed, are limited in size to 5 feet above, and 2 feet to the sides and 1 foot below normal display area. The basic fabrication charge is for a maximum 12 months.

12. Assignment: Advertiser shall not sublet, resell, transfer, donate or assign any advertising space without the prior written consent of Lamar.

INITIALS 



# PRODUCTION CONTRACT

EPC 2832943



US Offices  
5551 Corporate Blvd.  
Baton Rouge, LA 70808  
P 800-235-2627 F 225-923-0668

<b>ADVERTISER</b>	<b>CONTACT NAME</b>	<b>DATE</b>
City Of Tacoma-Customer Energy Prg	Julie Jensen	10/16/17
<b>AGENCY NAME (if applicable)</b>	<b>PHONE NUMBER</b>	<b>SPACE CONTRACT NUMBER</b>
	253.502.8925	2832911
<b>ADDRESS</b>	<b>FAX NUMBER</b>	<b>JOB ORDER NUMBER</b>
3628 South 35th		
Tacoma WA 98409	<b>LAMAR ACCOUNT MANAGER</b>	<b>MARKET</b>
	Mike Luinstra	Pierce

QUANTITY	PRODUCT DESCRIPTION	UNIT PRICE	TOTAL
20	21x72 Tails (Initial Install)	\$40.00	\$800.00
40	11x34 Interiors (Initial Install)	\$15.00	\$600.00
20	21x72 Tails (Copy Change One)	\$40.00	\$800.00
40	11X34 Interiors (Copy Change One)	\$15.00	\$600.00
20	21x72 Tails (Copy Change Two)	\$40.00	\$800.00
40	11x34 Interiors (Copy Change Two)	\$15.00	\$600.00
20	21x72 Tails (Copy Change Three)	\$40.00	\$800.00
40	11x34 Interiors (Copy Change Three)	\$15.00	\$600.00
	Revised To Add Copy Changes		

<b>Terms and Conditions</b> <small>Advertiser/Advertising Agency agrees to pay all taxes applicable to this agreement, including PST and GST. Order, pricing and acceptance is based on art supplied to our specifications. If this contract is to be performed in conjunction with a Lamar Space Only Advertising Contract, approved art for this contract must be supplied at least 21-days in advance of the start date designated in the space-only agreement, to allow for timely production and posting. If production is delayed due to artwork, Advertiser/Advertising Agency will remain responsible for payments under the space obligation. Shipping is Lamar Advertising Facilities, 5551 Corporate Blvd., Baton Rouge, LA 70808. All invoices are due and payable when rendered or date of shipment, whichever is later. A late charge of 1.5% per month (18% per annum or the maximum allowed by law, whichever is less) shall be applied to all billings not paid within 30 days. <del>If this contract is placed with a collection agency or an attorney for collection, Advertiser/Advertising Agency shall pay Lamar Advertising's collection fees and reasonable attorney fees, even though no suit or action is filed.</del> Advertiser warrants that all approved designs do not infringe upon any trademark or copyright, state or federal. Advertiser agrees to defend, indemnify and hold Lamar free and harmless from any and all loss, liability, claims and demands, including attorney's fees arising out of the character, contents or subject matter, including but not limited to any claims for false or misleading advertising, of any copy displayed pursuant to this contract.</small>	<b>TAXES (if applicable)</b>	\$554.40
	<b>PRODUCTION CHARGE</b>	\$5,600.00
	<b>INSTALLATION CHARGE</b>	
	<b>SHIPPING &amp; HANDLING</b>	
	<b>TOTAL</b>	<b>\$6,154.40</b>

**THE ABOVE QUANTITIES, PRICES, TERMS AND CONDITIONS ARE AGREED UPON AND ACCEPTED BY:**

<b>Lamar Advertising Authorized Signature</b>	<b>Advertiser/Agency Authorized Signature</b>	<b>Date Accepted</b>
	<b>X</b>	
<b>Printed Name &amp; Title of Signer</b>	<b>Printed Name &amp; Title of Signer</b>	<b>Date Accepted</b>
Ted Mann, Vp/General Manager	Jim Sant/Interim Deputy Director Of Public Affairs	

PRODUCTION CONTRACT

EPC 2865979



US Offices  
 5551 Corporate Blvd.  
 Baton Rouge, LA 70808  
 P 800-235-2627 F 225-923-0658

<b>ADVERTISER</b>	<b>CONTACT NAME</b>	<b>DATE</b>
City Of Tacoma-Click Network	Rebecah Anderson	10/16/17
<b>AGENCY NAME (if applicable)</b>	<b>PHONE NUMBER</b>	<b>SPACE CONTRACT NUMBER</b>
	253.502.8925	2865990
<b>ADDRESS</b>	<b>FAX NUMBER</b>	<b>JOB ORDER NUMBER</b>
3628 South 35th		
Tacoma WA 98409	<b>LAMAR ACCOUNT MANAGER</b>	<b>MARKET</b>
	Mike Luinstra	Pierce

QUANTITY	PRODUCT DESCRIPTION	UNIT PRICE	TOTAL
8	21x72 Tails (Initial Install)	\$40.00	\$320.00
8	21x72 Tails (Copy Change 1)	\$40.00	\$320.00
8	21x72 Tails (Copy Change 2)	\$40.00	\$320.00
8	21x72 Tails (Copy Change 3)	\$40.00	\$320.00
8	21x72 Tails (Copy Change 4)	\$40.00	\$320.00
8	21x72 Tails (Copy Change 5)	\$40.00	\$320.00
	Revised To Add Copy Changes		

<b>Terms and Conditions</b> Advertiser/Advertising Agency agrees to pay all taxes applicable to this agreement, including PST and GST. Order, pricing and acceptance is based on art supplied to our specifications. If this contract is to be performed in conjunction with a Lamar Space Only Advertising Contract, approved art for this contract must be supplied at least 21-days in advance of the start date designated in the space-only agreement, to allow for timely production and posting. If production is delayed due to artwork, Advertiser/Advertising Agency will remain responsible for payments under the space obligation. Shipping is Lamar Advertising Facilities, 5551 Corporate Blvd., Baton Rouge, LA 70808. All invoices are due and payable when rendered or date of shipment, whichever is later. A late charge of 1.5% per month (18% per annum or the maximum allowed by law, whichever is less) shall be applied to all billings not paid within 30 days. <del>If this contract is placed with a collection agency or an attorney for collection, Advertiser/Advertising Agency shall pay Lamar Advertising's collection fees and reasonable attorney fees, even though no suit or action is filed.</del> Advertiser warrants that all approved designs to not infringe upon any trademark or copyright, state or federal. Advertiser agrees to defend, indemnify and hold Lamar free and harmless from any and all loss, liability, claims and demands, including attorney's fees arising out of the character, contents or subject matter, including but not limited to any claims for false or misleading advertising, of any copy displayed pursuant to this contract.	<b>TAXES (if applicable)</b>	\$190.08
	<b>PRODUCTION CHARGE</b>	\$1,920.00
	<b>INSTALLATION CHARGE</b>	
	<b>SHIPPING &amp; HANDLING</b>	
	<b>TOTAL</b>	<b>\$2,110.08</b>

THE ABOVE QUANTITIES, PRICES, TERMS AND CONDITIONS ARE AGREED UPON AND ACCEPTED BY:

<b>Lamar Advertising Authorized Signature</b>	<b>Advertiser/Agency Authorized Signature</b>	<b>Date Accepted</b>
	X	
<b>Printed Name &amp; Title of Signer</b>	<b>Printed Name &amp; Title of Signer</b>	<b>Date Accepted</b>
Ted Mann, Vp/General Manager	Jim Sant/Interim Deputy Director of Public Affairs	



# Space Only Advertising Contract

(USA TRANSIT)

Contract No. - E2832911

5551 Corporate Blvd.  
Baton Rouge, LA 70808  
Phone - 800-235-2627 Fax - 225-923-0658

Date 10/16/17

New  Renewal: Previous Contract No. \_\_\_\_\_  
( see provision # 3 on reverse side hereof)

Advertiser/Agency Agrees to purchase the following:

**Space Only:** The Lamar Companies ("Lamar") agrees to provide space for the below described transit advertising display(s) (hereinafter called the "Display"), in conformity with the specifications and conditions set forth herein. For this, Advertiser or Advertising Agency agrees to pay the billing rate indicated for the four (4) week periods specified below. In addition, Advertiser or Advertising Agency agrees to pay all taxes applicable to this contract. Advertiser or Advertising Agency agrees to furnish own materials. All materials must be delivered to location(s) designated by Lamar at least ten (10) days prior to start date. Contract to commence on dates state on this document. If production or installation are delayed, contract to commence for the term noted beginning on the day immediately following completion of posting.

Advertiser or Advertising Agency acknowledges that all representations and all agreements not herein set forth in writing are deemed waived. This contract shall not be binding upon until executed by an Officer or designee of Lamar. This Transit Advertising Display Contract is subordinate to the contract between the relevant transit Authority and Lamar.

**Annual** - Advertiser or Advertising Agency agrees to pay the sum of \$ 4,200.00 per four (4) week period, in advance for 13 consecutive billing periods (52 weeks).

**Other** - The term of this contract shall begin as described below. Advertiser or Advertising Agency agrees to pay the rate of billing described below per designated four (4) week period, in advance.

MARKET	DISPLAY TYPE	DISPLAY SIZE	QUANTITY	TERM (4 WEEK)		BILLING RATE
				From	To	
Pierce	Bus Tails	21" x72"	12	From 1/1/18	To 12/30/18	\$ 3,800.00
	Bus Interiors	11" x34"	20	From 1/1/18	To 12/30/18	\$ 400.00
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$

**Additional Services** Such as: Embellishments/Extensions/Snipes/Copy Changes. Please set out in detail additional charges and how these charges should be invoiced.

Advertiser or Advertising Agency will pay \$ \_\_\_\_\_ for additional services:  upon first billing OR  over contract term.

Lamar will post up to (8) 21x72 Tails and (20) 11" x 34" interiors on a space available basis for the duration of the campaign.

Production will be billed under separate contract (2832943).

Total Space Contract is \$54,600.

Applicable sales and use taxes will be added.

This Advertising Display Contract is expressly subject to the additional terms and conditions set out on the reverse side hereof, and Advertiser/Advertising Agency acknowledges full review and acceptance of all written terms and conditions set out on both sides of this contract.

LAMAR MEDIA SALES REPRESENTATIVE: Mike Luinstra

(PRINT NAME OF SALES REPRESENTATIVE)

ADVERTISER:

City Of Tacoma Dept. Of Public Utilities-  
Customer Energy Programs

(PRINT NAME OF ADVERTISER)

ACCEPTED BY:

Ted Mann, Vp/General Manager

(PRINT NAME AND TITLE OF MEDIA OFFICER/DESIGNER)

ADVERTISING AGENCY:

(PRINT NAME OF ADVERTISING AGENCY)

AUTHORIZED REPRESENTATIVE:

Jim Sant/Interim Deputy Director Of Public Affairs

(PRINT NAME AND TITLE OF AUTHORIZED REPRESENTATIVE)

SHIP DISPLAY MATERIALS TO:

(ALL SHIPMENTS MUST BE PREPAID)

Bob Erickson

(NAME)

3601 6<sup>th</sup> Avenue South

(MAILING ADDRESS)

Seattle, Wa 98134

(CITY, STATE, ZIP)

BILLING ADDRESS:

(NAME - ATTENTION TO)

3628 South 35th

(MAILING ADDRESS)

Tacoma, Wa 98409

(CITY, STATE, ZIP)

PHONE NUMBER:

253.502.8925

FAX NUMBER:



### Additional Terms and Conditions of Advertising Display Contract

1. The terms "Advertiser" and "Advertising Agency" shall mean and refer to the firms or individuals so designated on the face page of this contract, and "Advertiser" shall include the contracting Advertising Agency, if any. "Lamar" shall mean and refer to Lamar Media Corporation, its successors and assigns and any affiliated company having a contract with the Authority. "Authority" shall mean and refer to the public agency or authority having jurisdiction over the public transit vehicles and facilities on which the advertising materials are to be displayed.
2. If Advertiser or Advertising Agency undertakes to provide any artwork or production for the Display, same shall be delivered to Lamar at least ten (10) days prior to start date to allow Lamar reasonable opportunity to incorporate same into and complete installation of the Display, and any loss of service due to failure of Advertiser or Advertising Agency to make timely delivery shall be the loss of Advertiser or Advertising Agency.
3. If this contract is a renewal contract, Advertiser or Advertising Agency agree to pay the billing rate set out in the previous contract for billing periods extending beyond the expiration of the previous contract term until the start date set out in this contract.
4. The text and illustrations on each Display shall be subject to approval or disapproval by Lamar and by each Authority on whose units the Display will be posted and such decision shall be final. In the event the Authority or its representatives shall disapprove of any Display, Lamar shall have the right to remove the Display forthwith and the Advertiser or Advertising Agency shall receive a pro rata credit from the date of removal of the Display.
5. Lamar accepts this contract subject to all federal, state and municipal laws and regulations with respect to the advertising matter to be displayed ("Laws"). In the event that such advertising Display becomes illegal or a request is received to terminate the Display for violation of Laws, Lamar reserves the right to terminate same, but there shall be no short rate charge because of such termination.
6. Advertiser or Advertising Agency grants to Lamar for the term of this contract, and any renewal thereof by Advertiser or Advertising Agency, an irrevocable license to use the Display, such license to commence on completion of installation. Upon expiry of the license, Advertiser or Advertising Agency agrees that Lamar can dispose of the Display.
7. It is understood and agreed that this contract may not be canceled by Advertiser or Advertising Agency without prior written consent of an Officer of Lamar. Lamar reserves the right to cancel this contract at any time upon default by the Advertiser or Advertising Agency in the payment of bills or other breach, or in the event of any material violation on the part of the Advertiser or Advertising Agency of any of the conditions herein contained; and upon such cancellation, all unpaid charges for advertising done hereunder, including short term rates or other charges under this contract shall become immediately due and payable. In case of delinquency in payment, waiver by Lamar of any specific breach of this contract by the Advertiser or Advertising Agency shall not prejudice Lamar's rights hereunder with respect to any breach or breaches not specifically waived by Lamar.
8. Execution of this contract does not constitute an extension of credit by Lamar to Advertiser or Advertising Agency. In the event Advertiser or Advertising Agency applies for credit, the terms, representations and conditions of the credit application are incorporated into this agreement. Upon credit approval by Lamar, all payments under this contract will be due in advance every four weeks. A late payment charge of 1.5% per month (18% per annum), or the maximum amount allowed by law, whichever is less, shall be charged to and paid by Advertiser or Advertising Agency on any amount remaining unpaid after 30 days from a given invoice date. Advertiser or Advertising Agency agrees to pay all taxes applicable to this contract. In addition, Advertiser acknowledges and agrees that no payment made to the Advertising Agency shall constitute satisfaction of a payment obligation under this contract unless and until Lamar actually receives said payment.
9. ~~If this contract is placed with a collection agency or an attorney for collection, Advertiser or Advertising Agency shall pay Lamar's collection fees and reasonable attorney fees, even though no suit or action is filed. If a suit or action is filed, the amount of such reasonable attorney fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided, and shall include an amount estimated by the court as the reasonable costs and fees to be incurred in collecting any monetary judgment or enforcing any other order entered in the suit or action.~~
10. Failure to make any payment as herein provided shall, at Lamar's option, be deemed a complete and fundamental breach by Advertiser or Advertising Agency of this contract, and upon any such failure the full amount of the remaining installments shall immediately become due and payable, and in the event of failure to make payment thereof on demand, Lamar is authorized, but not obligated, to remove the Display from any or all of the spaces covered by this contract, to relet the spaces or any of them for the whole or any part of the unexpired term of this contract to such person or persons and upon such terms and conditions as Lamar may determine, to collect and receive the income or rent therefrom, to apply the income or rent so received from such reletting, first to Lamar costs of replacing the Display (including, but not limited to, costs incurred for production, installation and maintenance of the replacement display), and to apply the balance thereof to satisfaction of any amounts which may then be due to Lamar from Advertiser or Advertising Agency under this contract.
11. Advertiser or Advertising Agency shall indemnify and save harmless Lamar against any liability to which Lamar may be subjected by reason of the advertising material displayed under this contract, including, but not limited to, liability for infringement of trademarks, trade names, copyrights, invasion of rights of privacy, defamation, illegal competition or trade practices, as well as all reasonable costs, including attorney's fees, in defending any such action or actions.
12. Lamar will not be deemed to be in default with respect to its performance of or compliance with any of the terms or conditions of this advertising display contract if the failure to perform or comply is due to any act of God, armed conflict, riots, civil commotion, sabotage, vandalism, strikes or lockouts or any other event or cause, whether similar or dissimilar to the foregoing, beyond the control of Lamar.
13. This contract is not assignable by the Advertiser or Advertising Agency.
14. Any bill rendered to the Advertiser or Advertising Agency shall be conclusive as to the correctness of the items therein set forth and shall constitute an account stated unless written objection is made thereto by the Advertiser or Advertising Agency within thirty (30) days after billing.
15. Advertiser and Advertising Agency, if any, are jointly and severally responsible for payment under this contract. This contract contains the entire agreement between parties, and no representation or promise not set forth herein shall affect the obligations of the parties hereunder.
16. The Advertising Agency, if any, represents and warrants that it is authorized to execute this contract on behalf of the Advertiser and to legally bind the Advertiser to the payment and performance of the obligations provided in this contract.
17. Advertiser and Advertising Agency agree that Lamar makes no express or implied promise or commitment that Display will be posted on any specific unit or that Display will be posted on a unit that travels on any specific route.
18. Advertiser warrants that all approved designs do not infringe upon any trademark or copyright, state or federal. Advertiser agrees to defend, indemnify and hold Lamar free and harmless from any and all loss, liability, claims and demands, including attorney's fees arising out of the character, contents or subject matter, including but not limited to any claims for false or misleading advertising, of any copy displayed pursuant to this contract.

Customer Signature \_\_\_\_\_

Contract Number 2832911



# Space Only Advertising Contract

(USA TRANSIT)

Contract No. - E2865990

5551 Corporate Blvd.  
Baton Rouge, LA 70808  
Phone -800-235-2627 Fax -225-923-0658

Date 10/16/17

New  Renewal: Previous Contract No. \_\_\_\_\_  
(see provision # 3 on reverse side hereof)

## Advertiser/Agency Agrees to purchase the following:

**Space Only:** The Lamar Companies ("Lamar") agrees to provide space for the below described transit advertising display(s) (hereinafter called the "Display"), in conformity with the specifications and conditions set forth herein. For this, Advertiser or Advertising Agency agrees to pay the billing rate indicated for the four (4) week periods specified below. In addition, Advertiser or Advertising Agency agrees to pay all taxes applicable to this contract. Advertiser or Advertising Agency agrees to furnish own materials. All materials must be delivered to location(s) designated by Lamar at least ten (10) days prior to start date. Contract to commence on dates state on this document. If production or installation are delayed, contract to commence for the term noted beginning on the day immediately following completion of posting.

Advertiser or Advertising Agency acknowledges that all representations and all agreements not herein set forth in writing are deemed waived. This contract shall not be binding upon until executed by an Officer or designee of Lamar. This Transit Advertising Display Contract is subordinate to the contract between the relevant transit Authority and Lamar.

**Annual** - Advertiser or Advertising Agency agrees to pay the sum of \$ 1,580.00 per four (4) week period, ~~in advance~~ for 13 consecutive billing periods (52 weeks).  
 **Other** - The term of this contract shall begin as described below. Advertiser or Advertising Agency agrees to pay the rate of billing described below per designated four (4) week period, in advance.

MARKET	DISPLAY TYPE	DISPLAY SIZE	QUANTITY	TERM (4 WEEK)		BILLING RATE
				From	To	
Tacoma	Bus Tails	21" x72"	5	From 1/1/18	To 12/30/18	\$ 1,580.00
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$
				From	To	\$

**Additional Services** Such as: Embellishments/Extensions/Snipes/Copy Changes. Please set out in detail additional charges and how these charges should be invoiced.  
 Advertiser or Advertising Agency will pay \$ \_\_\_\_\_ for additional services;  upon first billing OR  over contract term.

Lamar will post up to (3) Tails on a space available basis for the duration of the campaign.  
Production will be billed under separate contract (2865979).  
Total Space Contract is \$20,540  
Contract can be cancelled with 60-day written notice if Click Network discontinues as a cable provider.

Applicable sales and use taxes will be added.  
This Advertising Display Contract is expressly subject to the additional terms and conditions set out on the reverse side hereof, and Advertiser/Advertising Agency acknowledges full review and acceptance of all written terms and conditions set out on both sides of this contract.

LAMAR MEDIA SALES REPRESENTATIVE: Mike Luinstra  
(PRINT NAME OF SALES REPRESENTATIVE)

ADVERTISER: City Of Tacoma/Click Network  
(PRINT NAME OF ADVERTISER)

ACCEPTED BY: Ted Mann, Vp/General Manager  
(PRINT NAME AND TITLE OF MEDIA OFFICER/DESIGNEE)

ADVERTISING AGENCY: \_\_\_\_\_  
(PRINT NAME OF ADVERTISING AGENCY)

AUTHORIZED REPRESENTATIVE: Jim Sant/Interim Deputy Director of Public Affairs  
(PRINT NAME AND TITLE OF AUTHORIZED REPRESENTATIVE)

SHIP DISPLAY MATERIALS TO: Bob Erickson  
(NAME)  
3601 6<sup>th</sup> Avenue South  
(MAILING ADDRESS)  
Seattle, Wa 98134  
(CITY, STATE, ZIP)

X  
SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

BILLING ADDRESS: \_\_\_\_\_  
(NAME - ATTENTION TO)  
3628 South 35th  
(MAILING ADDRESS)  
Tacoma, Wa 98409  
(CITY, STATE, ZIP)

PHONE NUMBER: 253.502.8925 FAX NUMBER: \_\_\_\_\_



### Additional Terms and Conditions of Advertising Display Contract

1. The terms "Advertiser" and "Advertising Agency" shall mean and refer to the firms or Individuals so designated on the face page of this contract, and "Advertiser" shall include the contracting Advertising Agency, if any. "Lamar" shall mean and refer to Lamar Media Corporation, its successors and assigns and any affiliated company having a contract with the Authority. "Authority" shall mean and refer to the public agency or authority having jurisdiction over the public transit vehicles and facilities on which the advertising materials are to be displayed.
2. If Advertiser or Advertising Agency undertakes to provide any artwork or production for the Display, same shall be delivered to Lamar at least ten (10) days prior to start date to allow Lamar reasonable opportunity to incorporate same into and complete installation of the Display, and any loss of service due to failure of Advertiser or Advertising Agency to make timely delivery shall be the loss of Advertiser or Advertising Agency.
3. If this contract is a renewal contract, Advertiser or Advertising Agency agree to pay the billing rate set out in the previous contract for billing periods extending beyond the expiration of the previous contract term until the start date set out in this contract.
4. The text and illustrations on each Display shall be subject to approval or disapproval by Lamar and by each Authority on whose units the Display will be posted and such decision shall be final. In the event the Authority or its representatives shall disapprove of any Display, Lamar shall have the right to remove the Display forthwith and the Advertiser or Advertising Agency shall receive a pro rata credit from the date of removal of the Display.
5. Lamar accepts this contract subject to all federal, state and municipal laws and regulations with respect to the advertising matter to be displayed ("Laws"). In the event that such advertising Display becomes illegal or a request is received to terminate the Display for violation of Laws, Lamar reserves the right to terminate same, but there shall be no short rate charge because of such termination.
6. Advertiser or Advertising Agency grants to Lamar for the term of this contract, and any renewal thereof by Advertiser or Advertising Agency, an irrevocable license to use the Display, such license to commence on completion of installation. Upon expiry of the license, Advertiser or Advertising Agency agrees that Lamar can dispose of the Display.
7. It is understood and agreed that this contract may not be canceled by Advertiser or Advertising Agency without prior written consent of an Officer of Lamar. Lamar reserves the right to cancel this contract at any time upon default by the Advertiser or Advertising Agency in the payment of bills or other breach, or in the event of any material violation on the part of the Advertiser or Advertising Agency of any of the conditions herein contained; and upon such cancellation, all unpaid charges for advertising done hereunder, including short term rates or other charges under this contract shall become immediately due and payable. In case of delinquency in payment, waiver by Lamar of any specific breach of this contract by the Advertiser or Advertising Agency shall not prejudice Lamar's rights hereunder with respect to any breach or breaches not specifically waived by Lamar.
8. Execution of this contract does not constitute an extension of credit by Lamar to Advertiser or Advertising Agency. In the event Advertiser or Advertising Agency applies for credit, the terms, representations and conditions of the credit application are incorporated into this agreement. Upon credit approval by Lamar, all payments under this contract will be due in advance every four weeks. A late payment charge of 1.5% per month (18% per annum), or the maximum amount allowed by law, whichever is less, shall be charged to and paid by Advertiser or Advertising Agency on any amount remaining unpaid after 30 days from a given invoice date. Advertiser or Advertising Agency agrees to pay all taxes applicable to this contract. In addition, Advertiser acknowledges and agrees that no payment made to the Advertising Agency shall constitute satisfaction of a payment obligation under this contract unless and until Lamar actually receives said payment.
9. ~~If this contract is placed with a collection agency or an attorney for collection, Advertiser or Advertising Agency shall pay Lamar's collection fees and reasonable attorney fees, even though no suit or action is filed. If a suit or action is filed, the amount of such reasonable attorney fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided, and shall include an amount estimated by the court as the reasonable costs and fees to be incurred in collecting any monetary judgment or enforcing any other order entered in the suit or action.~~
10. Failure to make any payment as herein provided shall, at Lamar's option, be deemed a complete and fundamental breach by Advertiser or Advertising Agency of this contract, and upon any such failure the full amount of the remaining installments shall immediately become due and payable, and in the event of failure to make payment thereof on demand, Lamar is authorized, but not obligated, to remove the Display from any or all of the spaces covered by this contract, to relet the spaces or any of them for the whole or any part of the unexpired term of this contract to such person or persons and upon such terms and conditions as Lamar may determine, to collect and receive the income or rent therefrom, to apply the income or rent so received from such reletting, first to Lamar costs of replacing the Display (including, but not limited to, costs incurred for production, installation and maintenance of the replacement display), and to apply the balance thereof to satisfaction of any amounts which may then be due to Lamar from Advertiser or Advertising Agency under this contract.
11. Advertiser or Advertising Agency shall indemnify and save harmless Lamar against any liability to which Lamar may be subjected by reason of the advertising material displayed under this contract, including, but not limited to, liability for infringement of trademarks, trade names, copyrights, invasion of rights of privacy, defamation, illegal competition or trade practices, as well as all reasonable costs, including attorney's fees, in defending any such action or actions.
12. Lamar will not be deemed to be in default with respect to its performance of or compliance with any of the terms or conditions of this advertising display contract if the failure to perform or comply is due to any act of God, armed conflict, riots, civil commotion, sabotage, vandalism, strikes or lockouts or any other event or cause, whether similar or dissimilar to the foregoing, beyond the control of Lamar.
13. This contract is not assignable by the Advertiser or Advertising Agency.
14. Any bill rendered to the Advertiser or Advertising Agency shall be conclusive as to the correctness of the items therein set forth and shall constitute an account stated unless written objection is made thereto by the Advertiser or Advertising Agency within thirty (30) days after billing.
15. Advertiser and Advertising Agency, if any, are jointly and severally responsible for payment under this contract. This contract contains the entire agreement between parties, and no representation or promise not set forth herein shall affect the obligations of the parties hereunder.
16. The Advertising Agency, if any, represents and warrants that it is authorized to execute this contract on behalf of the Advertiser and to legally bind the Advertiser to the payment and performance of the obligations provided in this contract.
17. Advertiser and Advertising Agency agree that Lamar makes no express or implied promise or commitment that Display will be posted on any specific unit or that Display will be posted on a unit that travels on any specific route.
18. Advertiser warrants that all approved designs to not infringe upon any trademark or copyright, state or federal. Advertiser agrees to defend, indemnify and hold Lamar free and harmless from any and all loss, liability, claims and demands, including attorney's fees arising out of the character, contents or subject matter, including but not limited to any claims for false or misleading advertising, of any copy displayed pursuant to this contract.

Customer Signature \_\_\_\_\_

Contract Number 2865990



## RESOLUTION NO. U-10968

1  
2 A RESOLUTION authorizing Tacoma Power to accept a Cable Television  
Franchise Agreement with the City of University Place.

3  
4 WHEREAS the City of Tacoma, Department of Public Utilities, Light  
5 Division, d.b.a. Click! Network ("Click!"), requests approval of a ten-year cable  
6 television agreement with the City of University Place, and

7 WHEREAS, on October 16, 2017, the University Place City Council  
8 approved Ordinance No. 695, granting a ten-year non-exclusive Cable  
9 Television Franchise Agreement ("Franchise") providing the right for Click!  
10 facilities to occupy the rights-of-way within the City and to continue to offer  
11 cable services within the municipality, and

12  
13 WHEREAS the Franchise sets forth the grant of rights to make  
14 reasonable and lawful use of the streets within the franchise area to construct,  
15 operate, maintain, reconstruct and upgrade a system for the purpose of  
16 providing cable services, and establishes an obligation to provide cable  
17 services and to fulfill such other obligations as set forth therein, and

18  
19 WHEREAS such other obligations include compliance with permitting  
20 and other right-of-way regulations, providing evidence of self-insured status,  
21 relocation of facilities at the City's request, payment of a 5% franchise fee on  
22 gross cable television revenues generated within the City of University Place,  
23 and a \$0.50/per subscriber/per month capital fee to support the City's UPTV  
24 Access Channel, and

25  
26 WHEREAS it is in the best interest to accept said Franchise as  
recommended; Now, therefore,





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BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the ten-year non-exclusive Cable Television Franchise Agreement granted by the City of University Place to Click! to provide the right for Click! facilities to continue to offer Cable Services within the municipality is approved.

Tacoma City Council is requested to concur in the approval and authorize the Power Superintendent to accept said Agreement substantially in the form on file, as approved by the City Attorney.

Approved as to form and legality:

*William Foster*  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date: October 31, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Authorization to accept Cable Television Franchise Agreement Between the City of University Place and City of Tacoma, Dept. of Public Utilities, Light Division, dba Click! Network ("Franchise Agreement").

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

This Resolution would authorize the Power Superintendent/COO to execute the Franchise Agreement approved by the City of University Place on October 16, 2017 by its Ordinance No. 695, signifying acceptance by City of Tacoma.

3. Summarized reason for resolution:

Application was made in November, 2014 for renewal of a non-exclusive cable television franchise with the City of University Place to retain the right for Click! Network facilities to occupy rights-of-way within the City and to continue to offer Cable Services within the municipality. The Franchise Agreement was originally granted on January 6, 2003 for a ten year term by the City of University Place per Ordinance No. 367. It was subsequently extended until February 28, 2015 per Ordinance No. 620 dated April 3, 2013.

The Franchise Agreement sets forth the grant of rights to make reasonable and lawful use of the streets within the franchise area to construct, operate, maintain, reconstruct and upgrade a system for the purpose of providing cable services, and establishes an obligation to provide cable services and to fulfill such other obligations as set forth therein. Such other obligations include compliance with permitting and other right-of-way regulations, providing evidence of self-insured status, relocation of facilities at the City's request, and payment of a 5% franchise fee on gross cable television revenues generated within the City of University Place and a \$0.50 per subscriber per month capital fee to support the City's UPTV Access Channel.

4. Attachments:

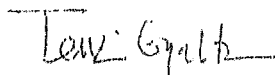
a. City of University Place Ordinance No. 695 executed by the Mayor of the City of University Place dated October 16, 2017.

5.  Funds available  Proposed action has budgetary impact

5% franchise fee and \$0.50 capital fee are passed through directly to the University Place subscribers on their monthly Click! Cable TV billing. The annual liability for franchise fee payments to University Place is approximately \$75,500 and the capital fee liability is approximately \$8,000 per year.


6. Deviations requiring special waivers: None

Originated by:



Section Head

Requested by:

  
for Chris Robinson  
Division Head

Approved:



Director of Utilities



TACOMA PUBLIC UTILITIES  
 3628 South 35th Street  
 Tacoma, Washington 98409-3192

November 3, 2017

To the Chair and Members of the Public Utility Board:

**RE:** Renewal of Click! Network Cable Television Franchise with the City of University Place

**BACKGROUND:** Click! Network seeks a resolution authorizing the acceptance of a non-exclusive cable television franchise granted by the City of University Place. Click! Network filed an application for renewal of a cable television franchise with the City of University Place on November 21, 2014, for the purpose of retaining the right to occupy the City's rights-of-way and continuing to provide retail cable television services to residents and businesses of University Place.

**DISCUSSION:** The Click! Network Cable Television Franchise with the City of University Place ("Franchise Agreement") was originally granted in 2003 for a ten-year term, which was subsequently extended two years, expired on February 28, 2015. Negotiations commenced in January 2015 when City of University Place provided a draft renewal franchise agreement. Negotiations stalled in 2015 due to City of University Place's lack of resources and other priorities. Negotiations continued sporadically until the early part of 2017 when the City of University Place was able to devote resources to complete the process. The Franchise Agreement went before the University Place City Council on October 16, 2017 at which time the City Council voted to amend the franchise term, and subsequently voted to approve the franchise as amended.

The Franchise Agreement provides the right to construct, operate, maintain, reconstruct and upgrade Click! facilities for the purpose of providing cable services within the jurisdictional boundaries of the City of University Place. The initial term, as amended, is for ten years with two seven (7) year renewal options, absent six months' written notice of intent not to renew by either party, for a total term not to exceed 24 years. The City of University Place negotiated a longer termed agreement to recognize the quickly evolving telecommunications regulatory environment and to preserve the rights and obligations as they currently exist.

The Franchise Agreement obligates Click! to provide Cable Services, which as defined in the franchise includes transmission of communications in the form of voice, video or data. Click! remains obligated to pay a franchise fee of 5% of gross cable television revenues generated within the City of University Place and a \$0.50 per subscriber per month capital fee for the University Place Access Channel (UPTV).

Other obligations imposed by the cable television franchise are similar in nature to those imposed by other cable television franchises to which Click! is a party. These common obligations include compliance with police powers of the Granting City including regulations for work within rights-of-way, relocation of facilities, and provision of sufficient insurance coverage for general liability, automobile and workers' compensation.

**RECOMMENDATION:** It is recommended that the Public Utility Board adopt this Resolution authorizing Click! Network to execute acceptance of the Click! Network Cable Television Franchise with the City of University Place.



**CABLE TV FRANCHISE AGREEMENT  
BETWEEN THE**

**City of University Place  
&  
City of Tacoma**

**Department of Public Utilities, Light Division  
Click! Network**

## CABLE TELEVISION FRANCHISE

This Cable Television Ten-Year Nonexclusive Franchise is entered into in University Place, Washington, this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between the City of Tacoma, Department of Public Utilities Light Division, providing cable TV services as CLICK! NETWORK, hereinafter ("Grantee") and the CITY OF UNIVERSITY PLACE, WASHINGTON, a municipal corporation, hereinafter ("Grantor" or the "City"). Grantor and Grantee are sometimes referred to hereinafter collectively as the "parties."

WHEREAS, the Grantor is authorized by federal and State law to grant one or more nonexclusive franchises to construct, operate and maintain a cable television system within the boundaries of the Grantor.

WHEREAS, the Grantee has provided cable television services, and government access channels within the Grantor's city limits since 2003, and Grantor, after all necessary process and consideration, has found sufficient the financial, technical and legal qualifications of Grantee to continue provide cable television service within the City; and

WHEREAS, the Grantee is willing to accept this Agreement subject to the terms and conditions contained herein, and to abide by those terms and conditions; and

NOW, THEREFORE, in consideration of the mutual promises made herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantor and Grantee do hereby agree as follows:

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## SECTION 1. DEFINITIONS

For the purposes of this Franchise and all exhibits attached hereto the following terms, phrases, words and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning. The word "shall" is always mandatory and not merely directory.

### "Access"

means the availability for Noncommercial use by various governmental and educational agencies, including Grantor and its designees, of particular channels on the System to receive and distribute Video Programming to Subscribers, as permitted under applicable law, including, but not limited to:

(A) "Educational Access" means Access where Schools are the primary users having editorial control over programming and services, and

(B) "Governmental Access" means Access where governmental institutions or their designees are the primary users having editorial control over programming and services.

### "Access Center"

means a facility or facilities where signals are managed and delivered to the Grantee for Downstream transmission to Subscribers or to other Access Centers via a dedicated connection.

### "Access Channel"

means any Channel, or portion thereof, designated for Noncommercial Access purposes or otherwise made available to facilitate or transmit Access programming.

### "Access Fees"

means the Capital Fee paid to the Grantor by the Grantee in accordance with Section 9 below.

### "Activation" or "Activated"

means the status of any capacity on or part of the System wherein the use of that capacity or part thereof may be made available without further installation of system equipment other than Subscriber premise equipment, whether hardware or software.

### "Affiliated Entity" or "Affiliate,"

means when used in connection with Grantee any municipal or other corporation, Person who owns or controls, is owned or controlled by, or is under common ownership or control with, Grantee and its successor corporations.

### "Bad Debt"

means amounts lawfully owed by a Subscriber and accrued as revenues on the books of Grantee, but not collected after reasonable efforts by Grantee.

**"Basic Service"**

means the Cable Service tier which includes, at a minimum, the retransmission of local television Broadcast Signals and Access programming.

**"Broadcast Signal"**

means a television or radio signal transmitted over the air to a wide geographic audience, and received by a System off-the-air by antenna, microwave, satellite dishes or any other means.

**"Buildout"**

means the Cable System is constructed and capable of offering Cable Service to all residents and businesses passed by public rights-of-way within the Franchise Area.

**"Cable Acts"**

means the Cable Communications Policy Act of 1984, and the Cable Television Consumer Protection and Competition Act of 1992, as amended by the Telecommunications Act of 1996, and any amendments thereto.

**"Cable Operator"**

means any Person or groups of Persons, including Grantee, who provides Cable Service over a System and directly or through one or more Affiliates owns a significant interest in such System or who otherwise control(s) or is(are) responsible for, through any arrangement, the management and operation of such a System.

**"Cable Service"**

means the one-way transmission to Subscribers of Video Programming, or other Programming service and Subscriber interaction, if any, which is required for the selection or use of such Video Programming or other Programming service.

**"Channel"**

means a portion of the frequency band capable of carrying a Video Programming, whether by analog or digital signal, on a twenty-four (24) hour per day basis or a portion thereof.

**"City" or "Grantor"**

means the City of University Place, Washington, a municipal corporation, of the State of Washington.

**"Connection,"**

with regard to connections to public buildings, means installation of fiber optic or coaxial cable or other System related facilities through the outer wall of the building.

**"Designated Access Provider"**

means the entity or entities designated by the Grantor to manage or co-manage Educational or Governmental Access Channels and facilities. The Grantor may be a Designated Access Provider.

**"Designated Distributor"** means any entity authorized by Grantor to distribute Access Programming including, but not limited to, the RCC or the RMC.

"Downstream Channel"

means a Channel capable of carrying a transmission from the Headend to remote points on the System or to interconnection points on the System.

"Dwelling Unit"

means any residential building, or each portion thereof.

"Expanded Basic Service"

means cable programming services not included in the Basic Service and excluding digital gateway programming, digital tier programming, premium or pay-per-view services.

"FCC"

means the Federal Communications Commission or its lawful successor.

"Fiber Optic"

means a transmission medium of optical fiber cable, along with all associated electronics and equipment capable of carrying Cable Service or Institutional Network Service by means of electric lightwave pulses.

"Franchise"

means the document in which this definition appears, which is executed between Grantor and Grantee, containing the specific provisions of the authorization granted and the contractual and regulatory agreement created hereby.

"Franchise Area"

means the area within the jurisdictional boundaries of the Grantor, including any areas annexed by Grantor during the term of this Franchise.

"Franchise Fee" means

1. "franchise fee" includes any tax, fee, or assessment of any kind imposed by a franchising authority or other governmental entity on a cable operator or cable subscriber, or both, solely because of their status as such;
2. the term "franchise fee" does not include—
  - A. any tax, fee, or assessment of general applicability (including any such tax, fee, or assessment imposed on both utilities and cable operators or their services but not including a tax, fee, or assessment which is unduly discriminatory against cable operators or cable subscribers);
  - B. in the case of any franchise in effect on October 30, 1984, payments which are required by the franchise to be made by the cable operator during the term of such franchise for, or in support of the use of, public, educational, or governmental access facilities;
  - C. in the case of any franchise granted after October 30, 1984, capital costs which are required by the franchise to be incurred by the cable operator for public, educational, or governmental access facilities;

- D. requirements or charges incidental to the awarding or enforcing of the franchise, including payments for bonds, security funds, letters of credit, insurance, indemnification, penalties, or liquidated damages; or
- E. any fee imposed under title 17 of the Copyright Act of 1976, (17 U.S.C. ch.1-8, 10-12; Pub. L. No. 94-553, 90 Stat. 2541).

"Gross Revenues"

means any and all revenue derived directly or indirectly by the Grantee, or by any other entity that is a Cable Operator of the Cable System including Grantee's Affiliates, from the operation of Grantee's Cable System to provide Cable Services in the Franchise Area. Gross Revenues include, by way of illustration and not limitation, monthly fees charged Subscribers for Cable Services including Basic Service, any expanded tiers of Cable Service, optional Premium Services; installation, disconnection, reconnection and change-in-service fees, Leased Access Channel fees, all Cable Service lease payments from the Cable System, late fees and administrative fees, payments or other consideration received by the Grantee from programmers for carriage of programming on the Cable System and accounted for as revenue under GAAP; revenues from rentals or sales of converters or other Cable System video service equipment; advertising sales revenues; the fair market value of consideration received by the Grantee for use of the Cable System to provide Cable Service and accounted for as revenue under GAAP; revenues from program guides, additional outlet fees, Franchise Fees, revenue from interactive services to the extent they are considered Cable Services under federal law, revenue from the sale or carriage of other Cable Services, and revenues from home shopping, and other video service revenue-sharing arrangements. Gross Revenues shall include revenue received by any entity other than the Grantee where necessary to prevent evasion or avoidance of the obligation under this Franchise to pay the Franchise Fees. Gross Revenues shall not include (i) to the extent consistent with GAAP, Bad Debt, provided, however, that all or part of any such Bad Debt that is written off but subsequently collected shall be included in Gross Revenues in the period collected; (ii) the Capital Fee specified in subsection 9.1; (iii) any taxes on services furnished by the Grantee which are imposed directly on any Subscriber or user by the State, City or other governmental unit and which are collected by the Grantee on behalf of said governmental unit; The Franchise Fee is not such a tax. (iv) Revenues from the sale of Cable Services on the Cable System to a reseller, when the reseller pays the cable Franchise Fees on the resale of the Cable Services; (v) revenue from the sale of capital assets or surplus equipment not used by the purchaser to receive video service from the seller of those assets or surplus; (vi) charges, other than those described hereinabove, that are aggregated or bundled with amounts described hereinabove for video services and billed to video service subscribers, including but not limited to any revenues received by grantee or its affiliates for telecommunications services or information services, if grantee can reasonably identify such charges on books and records kept in the regular course of business.

The parties intend for the definition of Gross Revenues to be as inclusive as possible consistent with existing applicable law. If there is a change in federal law subsequent to the effective date of this Franchise, such change shall not impact this Gross Revenues definition unless the change specifically preempts the affected portion of the definition above.

"Headend" or "Hub"

means any Facility for signal reception and dissemination on a System, including cable, antennas, wires, satellite dishes, monitors, switchers, modulators, processors for Broadcast Signals or other signals, equipment for the interconnection of the System with adjacent Systems and interconnection of any networks which are part of the System, and all other related equipment and Facilities.

"Institutional Network" or "I-Net"

means an independent telecommunications network, which may or may not be, owned and operated by the City or that part of the System facilities or capacity that may be designed for use by non-residential Subscribers including communications to, from and among government agencies, schools, libraries and other public agencies.

"Leased Access Channel"

means any Channel or portion of a Channel commercially available for programming in accordance with Section 612 of the Cable Communications Policy Act of 1984 (47 U.S.C. ch. 5, subch. V-A; Pub. L. 98-549).

"Noncommercial"

means, in the context of Access Channels, that particular products and services are not promoted or sold. This term shall not be interpreted to prohibit an Access Channel operator or programmer from soliciting and receiving financial support to produce and transmit video programming on an Access Channel, or from acknowledging a contribution, in the manner of the Corporation for Public Broadcasting.

"Normal Business Hours"

means those hours during which most similar businesses in the community are open to serve customers.

"Normal Operating Conditions"

means those service conditions which are within the control of the Grantee. Those conditions which are not within the control of the Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of the Grantee include, but are not limited to, special promotions, rate increases, and maintenance or upgrade of the System.

"Pay Service" or "Premium Service"

means Video Programming or other programming service choices (such as movie channels or pay-per-view programs) offered to Subscribers on a per-channel, per-program or per-event basis.

"Person"

means any natural person, sole proprietorship, partnership, joint venture, association, or limited liability entity or corporation, or any other form of entity or organization.

"Programming" means a communication, whether in the form of voice, video or data, or some combination thereof, and any signals associated with the transmission of that communication to its intended recipient.

"RCC"

Rainier Communications Commission, established as an interlocal governmental cooperative, pursuant to the Interlocal Cooperation Act, RCW 39.34, et. seq., and the general laws of the State of Washington, its lawful successor, or, if none, that other consortium or interlocal agreement formed by Grantor and any other municipal corporations that is designed to cooperate on telecommunications and cable television services.

"RMC"

means the educational and governmental Access Center known as the Rainier Media Center which is operated by the RCC or its lawful successor, or if none, that consortium formed by Grantor and other political subdivisions and any other municipal corporations that is designed to cooperate on Educational and Government Access services.

"Rights-of-Way"

means land acquired or dedicated for public streets or roads, highways, avenues, lanes, alleys, bridges, sidewalks, "utility" easements and similar public property located within the Franchise area.

"School"

means any accredited educational institution including, for example, primary and secondary schools (K-12), colleges and universities and excluding home schools and residential facilities.

"Service Interruption"

means the loss of picture or sound on one or more cable channels.

"Standard Installation" means installation of fiber or coaxial cable or other System equipment to an exterior wall of a residential or commercial structure which is no more than 125 feet from the existing System distribution facilities.

"State"

means the State of Washington.

"Street"

means Rights-of-Way.

"Subscriber"

means any Person who lawfully receives Cable Services provided by Grantee by means of the System with Grantee's express permission.

"System" or "Cable System"

means a facility, consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed to provide Cable Service which includes video

programming and which is provided to multiple Subscribers within a community, but such term does not include (1) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (2) a facility that serves Subscribers without using any public right-of-way; (3) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. § 201 et seq.), except that such facility shall be considered a Cable System (other than for purposes of Section 621(c) (47 U.S.C. § 541(c)) to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (4) an open video system that complies with federal statutes; or (5) any facilities of any electric utility used solely for operating its electric utility systems. When used herein, the term "Cable System" or "System" shall mean Grantee's Cable System in the Franchise Area.

"Tier"

means a category of Cable Services provided by the Grantee for which a separate rate is charged.

"Upstream Channel"

means a Channel capable of carrying a transmission to the Headend from remote points on the System.

"Video Programming"

means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

## **SECTION 2. GRANT OF FRANCHISE**

### **2.1 Grant**

(A) Grantor hereby grants to Grantee a ten-year nonexclusive and revocable authorization to make reasonable and lawful use of the Streets within the Franchise Area to construct, operate, maintain, reconstruct, and upgrade a System for the purpose of providing Cable Services, subject to the terms and conditions set forth in this Franchise. This Franchise shall constitute both a right and an obligation to provide the Cable Services required by, and to fulfill the obligations set forth in, the provisions of this Franchise.

(B) The Grantee, through this Franchise, is granted the right to operate its System using the Grantor's Rights-of-Way within the Franchise Area in compliance with all applicable Grantor construction codes and procedures. Nothing in this Franchise shall be deemed to waive the requirements of the other codes and ordinances of general applicability lawfully enacted, or hereafter lawfully enacted, by the Grantor to the extent that the provisions of the codes and ordinances do not have the effect of materially limiting the benefits or materially expanding the obligations of the Grantee that are granted by this Franchise. Grantee reserves the right to challenge provisions of any ordinance adopted, subsequent to the execution of this Franchise that conflicts with rights granted herein.

(C) This Franchise shall not be interpreted to prevent the Grantor from imposing additional conditions, including additional compensation conditions for use of the Rights-of-Way, should Grantee provide service other than Cable Service, to the extent permitted by law.

(D) Grantee promises and guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliate of the Grantee directly involved in the offering of Cable Service in the Franchise Area, or directly involved in the management or operation of the System in the Franchise Area, will also comply with the terms and conditions of this Franchise.

(E) No rights shall pass to Grantee by implication.

(F) This Franchise is intended to convey limited rights and interests only as to those Rights-of-Ways in which the Grantor has an actual interest. It is not a warranty of title or interest in any Rights-of-Way; it does not provide the Grantee with any interest in any particular location within the Rights-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.

## **2.2 Use of Rights-of-Way**

(A) Subject to Grantor's supervision and control, Grantee may erect, install, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, and along the Rights-of-Way within the Franchise Area, such wires, cables (both coaxial and fiber optic), conductors, ducts, conduit, vaults, manholes, amplifiers, appliances, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of a System for the provision of Cable Services within the Franchise Area. Grantee shall comply with all applicable construction codes, laws, ordinances, regulations and procedures, now in effect or enacted hereafter.

(B) Grantee must follow Grantor-established written requirements including all Grantor codes, ordinances and other regulations regarding placement of System facilities in Rights-of-Way, including the specific location of facilities in the Rights-of-Way, and must in any event endeavor to install System facilities in a manner that minimizes interference with the use of the Rights-of-Way by others, including others that may be installing communications facilities. The Grantor may require that System facilities be installed at a particular time, at a specific place or in a particular manner as a condition of access to a particular Right-of-way; may deny access if Grantee is not willing to comply with Grantor's requirements; and may remove, or require removal of, any facility that is not installed in compliance with the requirements established by Grantor, or which is installed without prior Grantor approval of the time, place or manner of installation and charge Grantee for all the costs associated with removal; and may require Grantee to cooperate with others to minimize adverse impacts on the Rights-of-Way through joint trenching and other arrangements. Grantee shall assume all Grantee's costs associated with any requirement of Grantor in the exercise of its police powers or in furtherance of any public improvement to move its System located in the Right-of-way.

(D) Grantor and Grantee agree that notwithstanding any other Franchises between them regarding the provision of electrical and water services to customers within the City, the provisions of this Franchise control as to Facilities used by Grantee for the Cable System.



### **2.3 Duration**

The term of this Franchise and all rights, privileges, obligations and restrictions pertaining thereto shall be ten (10) years from the effective date of this Franchise, or coinciding with other franchised cable operator's expiration date, whichever is later, unless terminated sooner as hereinafter provided.

Absent six months' written notice of a desire to prevent renewal by either party to the other, the franchise agreement shall automatically renew, in the same form and under the same terms and conditions existing on the expiration date for an additional seven-year term. There may be up to two (2) such renewals, not to exceed a total, between the original term and extensions, of twenty-four (24) years.

### **2.4 Effective Date**

(A) This Franchise and the rights, privileges, and authority granted hereunder and the contractual relationship established hereby shall take effect and be in force from and after the effective date of this Franchise as specified in this Section.

(B) Within six (6) months after the effective date of the Ordinance granting this Franchise, Grantee shall signify its acceptance of this Franchise by executing a written acceptance of this Franchise. This franchise is void unless accepted in writing by Grantee within this timeframe.

(C) The effective date of this Franchise shall be the date on which it is accepted in writing by Grantee.

### **2.5 Franchise Nonexclusive**

This Franchise shall be nonexclusive, and subject to all prior rights, interests, easements or licenses granted by Grantor or its predecessors to any Person to use any property, Rights-of-Way, easement, right, interest or license for any purpose whatsoever, including the right of Grantor to use same for any purpose it deems fit, including the same or similar purposes allowed Grantee hereunder. Grantor may at any time grant authorization to use the Rights-of-Way for any purpose not incompatible with Grantee's authority under this Franchise and for such additional Franchises for Systems as Grantor deems appropriate.

### **2.6 Grant of Other Franchises**

In the event Grantor enters into a franchise, permit, license, authorization or other agreement of any kind with any other Person or entity other than the Grantee, including itself, to enter into the Grantor's Streets or Rights-of-Way for the purpose of constructing or operating a System or providing Cable Service to any part of the Franchise Area in which the Grantee is providing Cable Service under the terms and conditions of this Franchise or is required to extend Cable Service under the provisions of this Franchise, the terms and conditions thereof, taken as a whole, shall be neither more favorable nor less burdensome to such Person or entity than those contained herein in order that one Cable Operator not be granted an unfair competitive advantage over another.

## **2.7 Familiarity with Franchise**

The Grantee acknowledges and warrants by acceptance of the rights, privileges and agreement granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is willing to and does accept all reasonable risks of the meaning of the provisions, terms and conditions herein. The Grantee further acknowledges and states that it has fully studied and considered the requirements and provisions of this Franchise, and finds that the same are commercially practicable at this time and consistent with all local, state and federal laws and regulations currently in effect, including the Cable Acts.

## **2.8 Effect of Acceptance**

By accepting the Franchise, the Grantee: (1) acknowledges and accepts the Grantor's legal right to issue and enforce the Franchise; (2) agrees that it will not oppose the Grantor's intervening in any legal or regulatory proceeding affecting the System; (3) accepts and agrees to comply with each and every provision of this Franchise; and (4) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

## **2.9 Police Powers**

Grantee's rights hereunder are subject to the police powers of Grantor to adopt and enforce ordinances necessary to the safety, health and welfare of the public, and Grantee agrees to comply with all applicable laws, ordinances and regulations enacted pursuant to the police powers of Grantor, or hereafter enacted in accordance therewith, by Grantor or any other legally-constituted governmental unit having lawful jurisdiction over the subject matter hereof. Any conflict between the provisions of this Franchise and any other present or future lawful exercise of Grantor's police powers shall be resolved in favor of the latter.

## **2.10 Franchise Area**

Grantee shall provide Cable Service, as authorized under this Franchise, within the Franchise Area.

# **SECTION 3. FRANCHISE FEE AND FINANCIAL CONTROLS**

## **3.1 Franchise Fee**

As compensation for the use of Grantor's Rights-of-Way or Streets, Grantee shall pay as a Franchise Fee to Grantor, throughout the duration of this Franchise, an amount equal to five (5%) percent of Grantee's Gross Revenues associated with Grantee's operation of its System in the Franchise Area. Accrual of such Franchise Fee shall commence as of the effective date of this Franchise. At such time as other franchised cable operator(s) are required to pay higher franchise fees, and upon written notification of such, Grantee shall notify its customers of a franchise fee increase and collect the higher amount and pay as a Franchise Fee to Grantor.

## **3.2 Payments**

Grantee's Franchise Fee payments to Grantor shall be computed quarterly for the preceding calendar quarter ending September 30, December 31, March 31 and June 30. Each quarterly payment shall be due and payable no later than forty-five (45) days after said dates.

### **3.3 Acceptance of Payment**

No acceptance of any payment shall be construed as an accord by Grantor that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim Grantor may have for further or additional sums payable or for the performance of any other obligation of Grantee.

### **3.4 Quarterly Franchise Fee Reports**

Each payment shall be accompanied by a written report to Grantor, verified by an officer of Grantee, containing an accurate statement in summarized form, as well as in detail, of Grantee's Gross Revenues and the computation of the payment amount. Such reports shall detail all Gross Revenues of the System and shall be drafted in accordance with generally accepted accounting principles.

### **3.5 Audits**

On an annual basis, upon thirty (30) days' prior written notice, Grantor shall have the right to conduct an independent audit of Grantee's records related to this Franchise and to recompute any amounts determined to be payable under this Franchise. Provided Grantee cooperates in making all relevant records available upon request, Grantor will in good faith attempt to complete each audit within six (6) months, and the audit period shall not be any greater than the previous three (3) years, unless Grantor has information relating to previous years beyond the three (3) which raises doubt as to the accuracy of payments made under this or previous Franchises. Any additional amounts due to the Grantor as a result of the audit shall be paid within sixty (60) days following written notice to the Grantee by the Grantor, which notice shall include a copy of the audit findings. If the audit shows that Franchise Fees have been underpaid, by three percent (3%) in a calendar year or more, Grantee shall pay the reasonable costs of the audit.

### **3.6 Financial Records**

Grantee agrees to meet with a representative of the Grantor upon written request to review Grantee's method of record-keeping, financial reporting, the computing of Franchise Fee obligations and other procedures, the understanding of which the Grantor deems necessary for reviewing reports and records that are relevant to the enforcement of this Franchise.

### **3.7 Interest on Late Payments**

In the event any payment is not received within forty-five (45) days from the end of the calendar quarter, Grantee shall pay, in addition to the payment or sum due, interest from the due date at an interest rate of 1% per month, beginning on the forty-sixth (46<sup>th</sup>) day after the end of the calendar quarter and continuing every day thereafter until the seventy-sixth (76<sup>th</sup>) day after the end of the calendar quarter, or until payment is made, whichever is earlier. If any payment is not received within seventy-six (76) days after the end of the calendar quarter, Grantee shall be assessed a late fee in the additional amount of two hundred dollars (\$200.00) per day, beginning on the seventy-sixth (76<sup>th</sup>) day after the end of the calendar quarter and continuing every day thereafter until paid.

### **3.8 Maximum Franchise Fee**

The parties acknowledge that, at present, applicable federal law limits Grantor to collection of a Franchise Fee of five percent (5%) of Gross Revenues. In the event that at any time during the duration of this Franchise, Grantor is authorized to collect an amount in excess of five percent

(5%) of Gross Revenues, then this Franchise may be amended unilaterally by Grantor to provide that such excess amount shall be added to the maximum allowed Franchise Fee to be paid by Grantee to Grantor hereunder, provided that all providers of Cable Service in the Franchise Area over which the Grantor has jurisdiction are treated in an equivalent manner, and Grantee has received ninety (90) days prior written notice from Grantor of such amendment.

### **3.9 Additional Commitments Not Franchise Fees**

No term or condition in this Franchise shall in any way modify or affect Grantee's obligation to pay Franchise Fees. Although the total sum of Franchise Fee payments and additional commitments set forth elsewhere in this Franchise may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, Grantee agrees that the additional commitments herein are not Franchise Fees, nor are they to be offset or credited against any Franchise Fee payments due to Grantor, nor do they represent an increase in Franchise Fees to be passed through to Subscribers pursuant to any federal law. Access Fees are not to be offset against and are not Franchise Fees.

### **3.10 Payment on Termination**

If this Franchise terminates for any reason, the Grantee shall file with the Grantor within ninety (90) calendar days of the date of the termination, a financial statement, certified by an independent certified public accountant, showing the Gross Revenues received by the Grantee since the end of the previous fiscal year. Within sixty (60) days of the filing of the certified statement with the Grantor, Grantee shall pay any unpaid amounts as indicated. If the Grantee fails to satisfy its remaining financial obligations as required in this Franchise, the Grantor may do so by utilizing the funds available in a Letter of Credit or other security provided by the Grantee.

### **3.11 Duty to Cooperate and Payment Indemnification**

Grantor agrees to exercise prompt and diligent efforts to verify whether billing addresses are in or outside the Franchise Area upon the written request of Grantee. Grantee agrees to defend, indemnify and hold harmless Grantor and its offices, officials and agents from any claim of any kind brought by any person relating to payments made to Grantor pursuant to this Franchise.

## **SECTION 4. ADMINISTRATION AND REGULATION**

### **4.1 General Provisions**

(A) Grantor shall be vested with the power and right to administer and enforce the requirements of this Franchise and the regulations and requirements of applicable law, including the Cable Act, or to delegate that power and right, or any part thereof, to the extent permitted under State and local law, to any agent designated by the City.

(B) Grantee shall comply with all applicable federal and state laws and regulations, including regulations of any administrative agency thereof, as well as all Grantor ordinances, resolutions, rules and regulations heretofore or hereafter adopted or established during the term of the Franchise. Nothing in this Franchise shall limit or expand the Grantor's right of eminent domain under State law.

(C) The Grantee and Grantor shall be entitled to all rights and be bound by all changes in local, State and federal law that occur subsequent to the effective date of this Franchise. The Grantee and the Grantor acknowledge that their rights and obligations under this Franchise are explicitly subject to all such changes. However, should such changes in law substantially reduce Grantee's obligation to pay or provide Franchise Fees or any other support required in this Franchise, the Grantor and Grantee agree to enter into good faith negotiations for a six (6) month period, at the request of either party, to resolve the issues. If resolution is not reached within the six (6) month period, and the period has not been extended by mutual agreement, the parties shall commence the renewal process in accordance with the Cable Act.

#### **4.2 Rates and Charges**

All Grantee rates and charges related to or regarding Cable Services shall be subject to regulation by Grantor to the full extent authorized by applicable federal, State and local laws.

#### **4.3 Rate Discrimination**

All Grantee rates and charges shall be published (in the form of a publicly-available rate card), made available to the public, and shall be non-discriminatory as to all Persons of similar classes, under similar circumstances and conditions. Grantee shall apply its rates in accordance with governing law. Grantee shall permit Subscribers to make any in-residence connections the Subscriber chooses without additional charge and without penalizing the Subscriber therefor. However, if any in-home connection requires service from Grantee due to signal quality, signal leakage or other factors, caused by improper installation of such in-home wiring or faulty materials of such in-home wiring, the Subscriber may be charged appropriate service charges by Grantee. Nothing herein shall be construed to prohibit:

- (A) The temporary reduction or waiving of rates or charges in conjunction with valid promotional campaigns;
- (B) The offering of reasonable discounts to similarly situated Persons.
- (C) The offering of rate discounts for Cable Service generally.
- (D) The offering of bulk discounts for Multiple Dwelling Units.

#### **4.4 Filing of Rates and Charges**

(A) Throughout the term of this Franchise, Grantee shall maintain on file with Grantor a complete schedule of applicable rates and charges for Cable Services provided under this Franchise. Nothing in this subsection shall be construed to require Grantee to file rates and charges under temporary reductions or waivers of rates and charges in conjunction with promotional campaigns.

(B) On an annual basis and upon request, Grantee shall provide a complete schedule of current rates and charges for any and all Leased Access Channels, or portions of such Channels, provided by Grantee. The schedule shall include a description of the price, terms and conditions established by Grantee for Leased Access Channels.

#### **4.5 Late Fees**

If the Grantee assesses any kind of penalty fee for late payment, such fee shall comply with applicable law and shall be reasonable.

#### **4.6 Time Limits Strictly Construed**

Whenever this Franchise sets forth a time for any act to be performed by Grantee, such time shall be deemed to be of the essence, and any failure of Grantee to perform within the allotted time may be considered a material breach of this Franchise. However, in the event that Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason beyond the reasonable control of Grantee, Grantee shall have a reasonable time, under the circumstances, to perform the affected obligation under this Franchise or to procure a substitute for such obligation which is satisfactory to Grantor.

#### **4.7 Performance Evaluation**

(A) Special evaluation sessions may be held at any time upon request by Grantor during the term of this Franchise.

(B) All evaluation sessions shall be open to the public and announced at least one week in advance in a newspaper of general circulation in the Franchise Area. Grantee shall notify its Subscribers of all evaluation sessions by announcement on at least one Channel of its System between the hours of 7:00 a.m. and 9:00 p.m. for five (5) consecutive days preceding each session.

(C) Topics which may be discussed at any evaluation session may include, but are not limited to, Cable Service rate structures; Franchise Fees; liquidated damages; free or discounted Cable Services; application of new technologies; system performance; Cable Services provided; programming offered; customer complaints; privacy; amendments to this Franchise; judicial and FCC rulings; line extension policies; and Grantor's or Grantee's rules; provided that nothing in this subsection shall be construed as requiring the renegotiation of this Franchise, or as requiring evaluation sessions to be held.

(D) During evaluations under this Section, Grantee shall fully cooperate with Grantor and shall provide such information and documents as Grantor may require to perform the evaluation.

### **SECTION 5. FINANCIAL AND INSURANCE REQUIREMENTS**

#### **5.1 Indemnification**

(A) General Indemnification. Grantee shall indemnify, defend and hold Grantor, its officers, officials, boards, commissions, authorized agents and employees, harmless from any action or claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and attorneys' fees and expenses, arising from any casualty or accident to Person or property, including, without limitation, copyright infringement, defamation, and all other damages in any way arising out of, or by reason of, any construction, excavation, operation, maintenance, reconstruction, or any other act done under this Franchise, by or for Grantee, its agents, or its

employees, or by reason of any neglect or omission of Grantee its agents or its employees. Grantee shall consult and cooperate with the Grantor while conducting its defense of the Grantor.

(B) Indemnification for Relocation. Grantee shall indemnify Grantor for any damages, claims, additional costs or expenses assessed against, or payable by, Grantor related to, arising out of, or resulting, directly or indirectly, from Grantee's failure to remove, adjust or relocate any of its facilities in the Streets in a timely manner after request by Grantor in accordance with any relocation required by Grantor.

(C) Additional Circumstances. Grantee shall also indemnify, defend and hold Grantor harmless for any claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and attorneys' fees or expenses in any way arising out of:

(1) The grant of this Franchise;

(2) Any failure by Grantee to secure consents from the owners, authorized distributors or licensees/licensors of programs to be delivered by the System.

(D) Procedures and Defense. If a claim or action arises, Grantor or any other indemnified party shall tender the defense of the claim to Grantee, which defense shall be at Grantee's expense. Grantor may participate in the defense of a claim and, in any event, Grantee may not agree to any settlement of claims affecting Grantor without Grantor's written approval.

(E) Non-waiver. The fact that Grantee carries out any activities under this Franchise through independent contractors shall not constitute an avoidance of or defense to Grantee's duty of defense and indemnification under this Section.

(F) Duty to Give Notice and Tender of Defense. The Grantor shall give the Grantee timely written notice of any claim or of the commencement of any action, suit or other proceeding covered by the indemnity in this Section. In the event any such claim arises, the Grantor or any other indemnified party shall tender the defense thereof to the Grantee and the Grantee shall have the obligation and duty to defend any claims arising thereunder, and the Grantor shall cooperate fully therein.

(G) If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the Grantor and the counsel selected by Grantee to represent, the Grantor, Grantee shall pay expenses incurred by the Grantor in defending itself with regard to any action, suit or proceeding indemnified by Grantee. The Grantor's expenses shall include all out-of-pocket expenses, such as consultants' fees, and shall also include the reasonable value of any services rendered by the Grantor attorney or his/her assistants or any employees of the Grantor or its agents but shall not include outside attorneys' fees for services that are unnecessarily duplicative of services provided the Grantor by Grantee.

## 5.2 Insurance Requirements

(A) General Requirement. Grantee must have adequate insurance during the entire term of this Franchise to protect the Grantor against claims for injuries to Persons or damages to

property which in any way relate to, arise from or are connected with this Franchise, or involve Grantee, its agents, representatives, contractors, subcontractors and their employees.

(B) Initial Insurance Limits. Grantee must keep insurance in effect in accordance with the minimum insurance limits herein set forth by the Grantor from time to time. The Grantee shall obtain policies for the following initial minimum insurance limits:

(1) Commercial General Liability: Five million dollars (\$5,000,000) aggregate limit per occurrence for bodily injury, personal injury and property damage;

(2) Automobile Liability: Three million dollars (\$3,000,000) combined single limit per accident for bodily injury and property damage; and

(3) Employer's Liability: One million dollars (\$1,000,000).

(4) Worker's compensation per all State and Federal laws.

(C) Endorsements.

(1) All policies shall contain, or shall be endorsed so that:

(a) The Grantor shall be designated as additional insured.

(b) The Grantee's insurance coverage shall be primary insurance with respect to the Grantor, its officers, officials, boards, commissions, employees and duly authorized agents. Any insurance or self-insurance maintained by the Grantor, its officers, officials, boards, commissions, employees and agents shall be in excess of the Grantee's insurance and shall not contribute to it; and

(c) Grantee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

(2) The insurance shall provide that the insurance shall not be cancelled or materially altered so as to be out of compliance with the requirements of this Section without thirty (30) days' written notice first being given to Grantor. If the insurance is cancelled or materially altered so as to be out of compliance with the requirements of this Section within the term of this Franchise, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in the amounts required, for the duration of this Franchise.

(D) Acceptability of Insurers. The insurance obtained by Grantee shall be placed with insurers with a Best's rating of no less than "A."

(E) Verification of Coverage. The Grantee shall furnish the Grantor with certificates of insurance or a copy of the page of the policy reflecting blanket additional insured status. The certificates for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. The certificates for each insurance policy are to be on standard forms



or such forms as are consistent with standard industry practices, and are to be received and approved by the Grantor prior to the commencement of activities associated with this Franchise. The Grantee hereby warrants that its insurance policies satisfy the requirements of this Franchise.

### **5.3 Security**

Upon the effective date of this Franchise, Grantee shall provide a performance bond or other security in accordance with Grantor's applicable ordinances, rules and regulations to ensure the faithful performance of its responsibilities under this Franchise and applicable law, including, by way of example and not limitation, its obligations to relocate and remove its facilities and to restore Grantor Rights-of-Way and other property.

### **5.4 Self-Insurance**

As part of the Franchise negotiations Grantee has requested that Grantor waive the insurance provisions of this Franchise. Based on evidence submitted that Grantee has a program of self-insurance that will provide Grantor equivalent coverage to that which would be available had Grantee procured the insurance required herein, the waiver is granted. Grantee, through its self-insurance program, shall defend and indemnify Grantor in the same amounts and in the same manner as if Grantee had posted certificates of insurance and the other financial securities required herein.

## **SECTION 6. CUSTOMER SERVICE**

### **6.1 Subscriber Contracts**

Grantee shall not enter into a contract with any Subscriber that is in any way inconsistent with the terms of this Franchise.

### **6.2 Subscriber Privacy**

Grantee will comply with privacy rights of Subscribers in accordance with applicable federal, State and local laws.

### **6.3 Customer Service Center**

Throughout the Franchise term, the Grantee must maintain, at a minimum, one (1) customer service center conveniently located within five (5) miles of the Franchise Area which will be open during Normal Business Hours, to provide Subscribers the opportunity to receive and pick up Subscriber equipment and to make bill payments and complaints.

### **6.4 Customer Service Agreement and Manual**

(A) Grantee shall provide to Subscribers an accurate, comprehensive service agreement and customer installation packet for use in establishing Subscriber service. This material shall, at a minimum, contain the following:

(1) Grantee's procedure for investigation and resolution of Subscriber service complaints or compliments.

(2) Services to be provided and rates for such services.

- (3) Billing procedures.
- (4) Service termination procedure.
- (5) A description of the manner that will be used to provide notice of changes in rates, service or service terms and conditions.
- (6) A complete statement of the Subscriber's right to privacy.
- (7) Converter and cable modem equipment policy.
- (8) The name, address and phone number of the Person identified by the Grantor as responsible for handling cable questions and complaints for the Grantor. This information shall be prominently displayed in the installation packet.

(B) A copy of the installation packet shall be provided to each Subscriber at the time of initial installation and any reconnection (excluding reconnections to the same Subscriber within twelve (12) months), and at any time the packet is requested by the Subscriber. Grantee shall make reasonable efforts to advise customers of any material changes in cable operation policies.

## **SECTION 7. REPORTS AND RECORDS**

### **7.1 Open Records**

Grantor shall have access to, and the right to inspect, any books and records of Grantee, its parent corporations and Affiliated entities, necessary for the enforcement of the terms of this Franchise. Grantee shall not deny Grantor access to any of Grantee's records on the basis that Grantee's records are under the control of any parent corporation, Affiliated entity or a third party. Grantor may, in writing, request copies of any such records or books, and Grantee shall provide such copies within thirty (30) days of the transmittal of such request. One copy of all reports and records required under this or any other Section shall be furnished to Grantor at the sole expense of Grantee. If the requested books and records are too voluminous, or for security reasons cannot be copied or removed, then Grantee may request, in writing within ten (10) days, that Grantor inspect them at Grantee's local offices. If any books or records of Grantee are not kept in a local office and not made available in copies to Grantor upon written request as set forth above, and if Grantor determines that an examination of such records is necessary for the enforcement of this Franchise, then all reasonable travel and maintenance expenses incurred in making such examination shall be paid by Grantee.

### **7.2 Confidentiality**

Grantee and Grantor acknowledge that each is subject to the Washington State Public Records Act (the "Public Records Act") currently codified in Chapter 42.56 RCW. Grantee further acknowledges that Grantor has no legal authority or obligation to protect Grantee information furnished to Grantor that Grantee deems confidential or proprietary. Grantee shall be responsible for clearly and conspicuously identifying any information provided to Grantor that Grantee

claims to be confidential or proprietary, and shall provide a brief written explanation as to why such information is confidential and how it may be treated as such under State or federal law. If Grantor receives a request under the Public Records Act for disclosure of any information designated by Grantee as confidential or proprietary, Grantor shall, so far as consistent with applicable law, advise Grantee and provide Grantee within a reasonable time with a copy of any written request by the party demanding access to such information. This shall be Grantor's sole obligation under this paragraph. If Grantee believes that the disclosure of such documents by Grantor would interfere with Grantee's rights under federal or state law, Grantee shall promptly institute an action in the Pierce County Superior Court to prevent the disclosure by Grantor of such documents. Grantee shall join the Person requesting the documents to such an action. Grantee shall defend, indemnify and hold Grantor harmless from any claim or judgment including, but not limited to, any penalties or costs assessed under the Public Records Act or other Washington State or federal law.

### **7.3 Records Required**

Grantee shall at all times maintain:

- (A) A full and complete set of plans, records and "as built" maps showing the exact location of all System equipment installed or in use in the Franchise Area, which is generated in Grantee's normal course of business;
- (B) A copy of all FCC filings on behalf of Grantee, its parent corporations or Affiliates which relate to the operation of the System in the Franchise Area;
- (C) A list of Grantee's Cable Services, rates and Channel line-ups;
- (D) A statistical compilation of Subscriber complaints, actions taken and resolution, and a log of service calls.

### **7.4 Copies of Federal and State Reports**

Upon written request, Grantee shall submit to Grantor copies of any pleading, applications, notifications, communications and documents of any kind, submitted by Grantee or its Affiliates to any federal, State or local courts, regulatory agencies and other government bodies if such documents directly relate to the operations of Grantee's System within the Franchise Area. Grantee shall submit such documents to Grantor no later than thirty (30) days after receipt of Grantor's request. Grantee shall not claim confidential, privileged or proprietary rights to such documents unless under federal, State, or local law such documents have been determined to be confidential by a court of competent jurisdiction, or a federal or State agency. With respect to all other reports, documents and notifications provided to any federal, State or local regulatory agency as a routine matter in the due course of operating Grantee's System within the Franchise Area, Grantee shall make such documents available to Grantor upon Grantor's written request.

### **7.5 Complaint File and Reports**

Grantee shall keep an accurate and comprehensive file of any and all complaints regarding the System, and Grantee's actions in response to those complaints, in a manner consistent with the privacy rights of Subscribers. Those files shall remain open to Grantor during normal business

hours and shall be retained for a period of one year. Upon written request, Grantee shall provide an executive summary report to the City or any designated agent in a format substantially similar to the report it provides to the City of Tacoma Franchise Administrator. Upon request, Grantee shall provide a report to the Grantor which can, at Grantor's option, include the following information:

- (A) Nature and type of customer complaints;
- (B) Number, duration, general location and customer impact of unplanned service interruptions;
- (C) Any significant construction activities which affect the quality or otherwise enhance the service of the System;
- (D) Average response time for service calls;
- (E) New areas constructed and available for Cable Service;
- (F) Video programming changes (additions/deletions); and
- (G) Such other information as reasonably requested by Grantor.

#### **7.6 Inspection of Facilities**

Grantor may inspect any of Grantee's facilities and equipment in the Rights-of-Way at any reasonable time during business hours upon at least forty-eight (48) hours' notice, or, in case of emergency, upon demand without prior notice.

#### **7.7 False Statements**

Any intentional false or misleading statement or representation in any report required by this Franchise shall be a material breach of this Franchise and may subject Grantee to all remedies, legal or equitable, which are available to Grantor under this Franchise or otherwise.

### **SECTION 8. PROGRAMMING AND CHANNEL CAPACITY**

#### **8.1 Grantee Compliance**

Grantee will provide the broad categories of programming and Channel capacity required in this Franchise, and in all applicable federal, State or local laws, statutes, regulations or standards.

#### **8.2 Broad Programming Categories**

Grantee shall provide or enable the provision of at least the following initial broad categories of programming to the extent such categories are reasonably available:

- (A) Educational programming;
- (B) Sports programming;
- (C) General entertainment programming;

- (D) Children's programming;
- (E) Information/news programming;
- (F) National and local government programming.

### **8.3 Obscenity**

Grantee or Grantor shall not transmit, or permit to be transmitted, over any Channel subject to its editorial control any programming which is obscene.

### **8.4 Parental Control Device**

Grantee shall make available cable set-top receivers with the capability of providing parental control to enable a Subscriber to control access to any or all Channels, and shall also make instructions for the use thereof available to Subscribers.

### **8.5 Complementary Cable Service**

Grantee, upon written request, shall provide without charge, a Standard Installation and five outlets of Basic and Expanded Basic Service to those administrative buildings owned and occupied or leased and occupied by the Grantor that are within 125 feet aerial or 60 feet underground of its cable system. In the case of leased facilities, recipient of service is responsible for securing approval for appropriate right of entry suitable to the Franchisee at its sole discretion. The Cable Service provided shall not be distributed beyond the originally installed outlet without authorization from Grantee. The Cable Service provided shall not be used for commercial purposes. The Grantor shall take reasonable precautions to prevent any use of the Grantee's cable system in any manner that results in the inappropriate use thereof or any loss or damage or interference to the cable system. The Grantor shall hold the Grantee harmless from any and all liability or claims arising out of the provision and use of Cable Service required by this Section. The Grantee shall not be required to provide an outlet to such buildings where a non-Standard Installation is required, unless the Grantor or building owner/occupant agrees to pay the incremental cost of any necessary Cable System extension and/or non-Standard Installation. If additional outlets of cable service are provided to such buildings, the building owner/occupant shall pay the usual installation and service fees associated therewith. In the event a competing cable system is providing complementary cable TV services, there is no obligation for Grantee to provide like services.

### **8.6 New Developments**

If there is a new technology which in Grantor's opinion would enhance substantially the quality or quantity of programming available to Subscribers on the System, Grantee shall, at the request of the Grantor, investigate the feasibility of implementing said technology and report to Grantor the results of such investigation.

## **SECTION 9. EDUCATIONAL AND GOVERNMENTAL ACCESS**

### **9.1 Capital Fee**

Effective upon the acceptance of this Franchise and continuing during the term of this Franchise, Grantee will continue to pay to Grantor a Capital Fee for educational and government access capital expenditures in the amount of fifty cents (\$.50) per Subscriber per month. If Grantor chooses to develop an Institutional Network, either through this franchise or through another cable television franchise or its own telecommunications facilities, then the Capital Fee shall be raised to an amount not exceeding one dollar (\$1.00) per Subscriber per month provided that all franchises for cable television service require payment of an equivalent fee. Any increase in the Capital Fee shall be payable by Grantee to Grantor: (a) after sixty (60) days' notice to Subscribers of such increase; and (b) at the collection of the Capital Fee from such Subscribers. Grantee shall make such payments quarterly, no later than thirty (30) days following the end of the quarter. The Grantor agrees that federal law permits Grantee to add the cost of the Capital Fee to the price of Cable Services and to collect the Capital Fee from Subscribers. In addition, as permitted under federal law, all amounts paid as the Capital Fee may be separately stated on Subscriber's bills as a government access capital equipment fee.

## **9.2 Management and Control of Access Channels**

(A) Grantor may authorize Designated Access Providers to control, operate, and manage the use of any and all Access facilities provided by Grantee under this Franchise, including, without limitation, the operation of Access Channels. The Grantor or its designee may formulate rules for the operation of the Access Channels, consistent with this Franchise. Nothing herein shall prohibit the Grantor from authorizing itself to be a Designated Access Provider.

(B) Grantee shall cooperate with Grantor and Designated Access Providers in the use of the System and Access facilities for the provision of Access Channels.

## **9.3 Access Channels**

(A) Grantee shall continue to provide at no charge upon acceptance of this Franchise, and throughout the term of this Franchise, One (1) Channel for use by Grantor and One (1) Channel for use by the RCC (said Channels to be capable of cablecasting both live and recorded programming only within the geographic territory of Grantor).

(B) All assigned Access Channels can be used to transmit programming in any format which is technically compatible with the Cable System, including, by way of example and not limitation, video, audio only, secondary audio and/or text (character generated) messages. Such uses must be in furtherance of Access purposes. Each of the above Channels may be digitized by the Grantee and must be capable of transmitting one digital video signal. Any Access Channels provided via digital or compressed video technology shall have at least the same transmission quality as is used to carry any of the commercial Channels that deliver programming on the System and shall be full motion video. The provision of Access Channels via digital or

compressed video technology will not reduce the total Access Channel requirement herein.

#### **9.4 Access Reporting**

Upon Grantee's written request the Grantor shall submit a report annually on the use of University Place specific Access Channels and Capital Fee. The Grantor shall submit a report to Grantee within one hundred twenty (120) days of a written request. Grantee may review the records of the City regarding the use of the Capital Fee.

#### **9.5 Change in Technology**

In the event Grantee makes any change in the System and related equipment and facilities or in Grantee's signal delivery technology, which directly or indirectly affects the signal quality or transmission of University Place Specific Access services or programming, Grantee shall at its own expense take necessary technical steps or provide necessary technical assistance, including the acquisition of all necessary equipment, and full training of University Place specific Access personnel to ensure that the capabilities of Access services are not diminished or adversely affected by such change.

#### **9.6 Access Channels On Lowest Level of Service**

All Access Channels provided to Subscribers under this Franchise shall be included by Grantee, without limitation, as a part of the Basic Service.

#### **9.7 Access Channel Location/Relocation**

Grantee will carry Grantor's programming on the channel designated for local government programming on its regional channel line-up, currently channel 12 in standard definition and channel 512 in HD, with both available only in University Place. Grantor will receive the same benefits from such carriage as other jurisdictions in western Washington. Furthermore, Grantee will use reasonable efforts to minimize the movement of Access Channel assignments. Grantee shall provide three (3) months' notice to the Grantor prior to any relocation and shall reimburse Grantor for its costs incurred for any promoting, marketing, advertising and notice of the Channel change up to three thousand dollars (\$3,000).

#### **9.8 Return Lines**

(A) Grantee shall, at its expense, upon written request of the grantor, activate a fiber optic Return Line capable of two-way transmission to enable the distribution of Access programming to Subscribers on the Access Channels from Pierce County Television (PCTV) located at the Bates/Central Mohler Campus to the Click! Network.

(B) In the event of a relocation of either of the facilities in use on the effective date hereof during the term of this Franchise, at the written request of Grantor, grantee shall construct and maintain one (1) additional set of return lines connecting the existing and relocated demarcation point. Any new return line construction costs shall be paid by the Grantor and completed within six (6) months.

### **9.9 Technical Quality**

The Grantee shall provide the University Place specific Access channels with at least the same transmission quality as required by this Franchise and all other applicable laws, rules and regulations for other Channels and services but shall not be required to be of higher quality than received from Designated Access Provider. The Grantee shall provide routine maintenance and shall repair and replace, if necessary, all Grantee's transmission equipment, including fiber transmitters and receivers, channel modulators, associated cable and equipment, required to carry a quality signal to and from the Grantor's Designated Distributor's facilities (and Designated Access Providers') and the Grantee's facilities for the University Place specific Access Channels provided under this Franchise.

### **9.10 Payments to Grantee**

After satisfactory completion of work requested by Grantor for which Grantor is to reimburse the Grantee, and upon submission by Grantee, in such form as may be requested by Grantor, of a proper invoice for payment of the cost reasonably incurred and accompanied by such evidence in support thereof as may be reasonably required by Grantor, Grantor agrees to make payment for the cost reasonably incurred up to the estimated cost for the work; provided, however, that all payments shall be subject to adjustment for any amount found upon audit or otherwise to have been improperly invoiced.

All work shall be performed in a cost-effective manner to minimize the costs to Grantor. Grantee shall permit Grantor to inspect and audit all pertinent books and records of Grantee, and Grantee shall make available for inspection and audit all pertinent books and records of any Person who has performed the work for which costs are being billed to Grantor, so that Grantor may verify the accuracy of costs being billed. Grantee shall supply Grantor with or permit Grantor to make a copy of any books or records, and any portions thereof relating to the cost being billed for such work.

## **SECTION 10. GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION**

### **10.1 Construction**

(A) Subject to applicable laws, regulations and ordinances of Grantor and the provisions of this Franchise, Grantee may perform all construction necessary for the operation of its System. All construction and maintenance of any and all Grantee's facilities within Rights-of-Way shall, regardless of who performs the construction, be and remain Grantee's responsibility.

(B) Prior to beginning any construction, Grantee shall provide Grantor with a construction schedule for work in the Rights-of-Ways.

(C) Grantee may make excavations in Rights-of-Way for any facility needed for the maintenance or extension of Grantee's System. Prior to doing such work, Grantee shall apply for, and obtain, appropriate permits from Grantor, and give appropriate notices to Grantor. As a condition of any permits so issued, Grantor officials may impose such conditions and regulations as are necessary for the purpose of protecting any structures in such Rights-of-Way, proper restoration of such Rights-of-Way and structures, protection of the public and the continuity of



pedestrian or vehicular traffic. When obtaining a permit, Grantee shall inquire in writing about other construction currently in progress, planned or proposed, in order to investigate thoroughly all opportunities for joint trenching or boring. Whenever it is possible and reasonably practicable to joint trench or share bores or cuts, Grantee shall work with other providers, licensees, permittees and franchisees so as to reduce so far as possible the number of Rights-of-Way cuts within the Franchise Area.

(D) In the event that emergency repairs are necessary, Grantee shall immediately notify Grantor of the need for such repairs. Grantee may initiate such emergency repairs, and shall apply for appropriate permits within forty-eight (48) hours after discovery of the emergency.

(E) Repair and Restoration of Property.

(1) The Grantee shall protect public and private property within the Rights-of-Way from damage.

(2) If public property is disturbed or damaged, the Grantee shall restore the property to its former condition. Public right-of-way or other Grantor property shall be restored in a manner and within a timeframe approved by the Grantor's Director of Public Works. If restoration of public right-of-way or other property of the Grantor is not satisfactorily performed within a reasonable time, the Director of Public Works may, after prior notice to the Grantee, or without notice where the disturbance or damage may create a risk to public health or safety, or cause delay or added expense to a public project or activity, cause the repairs to be made at the Grantee's expense and recover the cost of those repairs from the Grantee. Within forty-five (45) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall pay the Grantor. If suit is brought by Grantor upon Grantee's failure to pay for repair or restoration, the reasonable costs and expenses of the prevailing party will be paid by the non-prevailing party.

(F) Movement for Other Permittees.

At the request of any Person holding a valid permit and upon reasonable advance notice, Grantee shall temporarily raise, lower or remove its wires as necessary to permit the moving of a building, vehicle, equipment or other item. The expense of such temporary changes must be paid by the permit holder, and Grantee may require the estimated payment in advance.

## 10.2 Location of Facilities

Grantee shall follow current State regulations related to locating underground facilities, after the Grantor or any franchisee, licensee or permittee of the Grantor notifies Grantee of a proposed Right-of-Way excavation. At that time, Grantee shall, at Grantee's expense:

(A) Mark on the surface all of its located underground facilities within the area of the proposed excavation;

(B) Notify the excavator of any unlocated underground facilities in the area of the proposed excavation; or

(C) Notify the excavator that Grantee does not have any underground facilities in the vicinity of the proposed excavation.

### **10.3 Restoration of Rights-of-Way / Grantor Owned Property**

(A) Whenever Grantee disturbs the surface of any Rights-of-Way or Grantor owned property for any purpose, Grantee shall promptly restore the Rights-of-Way or Grantor owned property to a condition as good as or better than its prior condition in Grantor's sole determination. When any opening is made by Grantee in a hard surface pavement in any Rights-of-Way or Grantor owned property, Grantee shall promptly refill the opening and restore the surface to a condition satisfactory to Grantor.

(B) If Grantee excavates the surface of any Rights-of-Way or Grantor owned property, Grantee shall be responsible for restoration in accordance with applicable regulations of the Rights-of-Way and its surface within the area affected by the excavation. Grantor may, after providing notice to Grantee, refill or repave any opening made by Grantee in the Rights-of-Way or on Grantor owned property, and the expense thereof shall be paid by Grantee. Grantor may, after providing notice to Grantee, remove and repair any work done by Grantee which, in the determination of Grantor, does not conform to applicable code. The cost thereof, including the costs of inspection and supervision shall be paid by Grantee. All excavations made by Grantee in Rights-of-Way or on Grantor owned property shall be properly safeguarded for the prevention of accidents. All of Grantee's work under this Franchise, and this Section in particular, shall be done in strict compliance with all rules, regulations and ordinances of Grantor.

### **10.4 Maintenance and Workmanship**

(A) Grantee's System shall be constructed and maintained in such manner as not to interfere with sewers, water pipes or any other property of Grantor, or with any other pipes, wires, conduits, pedestals, structures or other facilities that may have been laid in Rights-of-Way by, or under, Grantor's authority.

(B) Grantee shall provide and use any equipment and appliances necessary to control and carry Grantee's signals so as to prevent injury to Grantor's property or property belonging to any Person. Grantee, at its own expense, shall repair, renew, change and improve its facilities to keep them in good repair and safe and presentable condition.

(C) The Grantee's transmission and distribution system, wires and appurtenances shall be located, erected and maintained so as not to endanger or interfere with the lives of Persons, or to unnecessarily hinder or obstruct the free use of Rights-of-Way, alleys, bridges or other public property.

(D) Grantee may perform routine maintenance of the cable system on non-arterial streets under a blanket permit issued as allowed in conformance with the University Place Municipal Code.

### **10.5 Acquisition of Facilities**

Upon Grantee's acquisition of facilities in any Grantor Rights-of-Way, or upon the addition or annexation to the Grantor of any area in which Grantee owns or operates any facility, Grantee shall, at Grantor's request, submit to Grantor a statement describing all facilities involved, whether authorized by franchise, permit, license or other prior right, and specifying the location of all such facilities to the extent Grantee has possession of such information. Such facilities shall immediately be subject to the terms of this Franchise.

### **10.6 Relocation of Cable Facilities**

The Grantee agrees and covenants at its sole cost and expense, to protect, support, temporarily disconnect, relocate or remove from any street, any component of its cable TV system when so required by the City by reason of traffic conditions or public safety; widening; relocating or improvement of existing rights-of-way, streets or avenues, or change or establishment of street grade, provided that the Grantee shall in all such cases have the privilege to temporarily bypass, in the authorized portion of the same street upon approval by the City, any section of system required to be temporarily disconnected or removed. The provisions of this section shall not be applicable if the relocation is due to a private development, use or activity. Provided further that when street widening or improvement is desired by the City, that City will acquire sufficient right-of-way to accommodate all utilities including Grantee's System.

If the City determines that a project (other than a project due to a private development, use or activity) necessitates the relocation of the Grantee's then existing facilities, the City shall:

At least ninety (90) days prior to commencement of construction of such project, provide the Grantee with written notice and plans requiring such relocation, unless another time period for the notice is agreed to by the parties for a particular project.

Provide the Grantee with copies of pertinent portions of the plans and specifications for such project and a proposed location for the Grantee's facilities so that the Grantee may relocate its facilities in other City right-of-way in order to accommodate such project.

After receipt of such notice and such plans and specifications, the Grantee shall complete relocation of its facilities at no charge or expense to the City (except as hereinafter provided) so as to accommodate the project construction schedule.

The Grantee may, after receipt of written notice requesting a relocation of its facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise the Grantee in writing if one or more of the alternatives is suitable to accommodate the work, which would otherwise necessitate relocation of the Grantee's facilities. If so requested by the City, the Grantee shall submit additional information to assist the City in making such evaluation. The City shall give each alternative proposed by the Grantee full and fair consideration. In the event the City ultimately determines in its sole discretion that there is no other reasonable alternative, the Grantee shall relocate its facilities as otherwise provided in this Section. Provided, however, the parties agree to exercise good faith, reasonable and timely decision making especially when issues arise in the field pertaining to relocations. The provisions of this Section shall survive the expiration or termination of this franchise.

The provisions of this Section shall in no manner preclude or restrict the Grantee from making any arrangements it may deem appropriate when responding to a request for relocation of its facilities by any person or entity other than the City, where the facilities to be constructed by said person or entity are due to a private development, use or activity, provided that such arrangements do not unduly delay a City construction project.

The City on occasion will be constructing, reconstructing and/or relocating roads, streets, public ways, areas or facilities within the right-of-way or property which will require Grantee to install and/or relocate part of its system. Grantee will be relying on the alignment, lines and grades as set forth in City's approval plans wherein Grantee thereafter constructs or reconstructs its system in accordance with City's requirements and City public works standards. Therefore, if City thereafter again adjusts and/or revises the alignment, line or grade for a road, street, public way or area, before this part of the Grantee's system has been in place for fifteen (15) years (commencing with the initial City revision), then City agrees to reimburse Grantee a pro rata share of the total relocation costs based on a fifteen (15) year life expectancy for the portion of Grantee's system that is affected by the City revision unless differently agreed to in writing by City and Grantee at the time of the installation or relocation.

#### **10.7 Discontinuing Use of Facilities**

Whenever Grantee intends to discontinue using any facility within the Rights-of-Way, Grantee shall submit for Grantor's approval a complete description of the facility and the date on which Grantee intends to discontinue using the facility. Grantee may remove the facility or request that Grantor allow it to remain in place. Notwithstanding Grantee's request that any such facility remain in place, Grantor may require Grantee to remove the facility from the Rights of Way or modify the facility to protect the public health, welfare, safety and convenience, or otherwise serve the public interest. Grantor may require Grantee to perform a combination of modification and removal of the facility. Grantee shall complete such removal or modification in accordance with a schedule set by Grantor. Until such time as Grantee removes or modifies the facility as directed by Grantor, or until the rights to and responsibility for the facility are accepted by another Person having authority to construct and maintain such facility, Grantee shall be responsible for all necessary repairs and relocations of the facility, as well as maintenance of the Rights-of-Way, in the same manner and degree as if the facility were in active use, and Grantee shall retain all liability for such facility. If Grantee abandons its facilities, Grantor may choose to use such facilities for any purpose whatsoever including, but not limited to, Access Channel purposes.

#### **10.8 Hazardous Substances**

(A) Grantee shall comply with all applicable State and federal laws, statutes, regulations and orders concerning hazardous substances relating to Grantee's System in Rights-of-Way.

(B) Grantee shall maintain and inspect its System located in Rights-of-Way. Upon reasonable notice to Grantee, Grantor may inspect Grantee's facilities in Rights-of-Way to determine if any release of hazardous substances has occurred, or may occur, from or related to Grantee's System. In removing or modifying Grantee's facilities as provided in this Franchise, Grantee shall also remove all residue of hazardous substances related thereto.

## 10.9 Undergrounding of Cable

(A) Where electric or telephone utility wiring is installed underground at the time of System construction, or when such wiring is subsequently placed underground, all System lines, wiring and equipment shall also be placed underground with other wireline service at no expense to the Grantor or Subscribers. Related System equipment, such as pedestals, must be placed in accordance with applicable code requirements and rules as interpreted by the Grantor's Director of Public Works. In areas where both electric and telephone utility wiring are aerial, the Grantee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation.

(B) The Grantee shall utilize existing poles and conduit wherever possible.

(C) This Franchise does not grant, give or convey to the Grantee the right or privilege to install its facilities in any manner on specific utility poles or equipment of the Grantor or any other Person.

(D) The Grantee and the Grantor recognize that situations may occur in the future where the Grantor may desire to place its own cable or conduit for fiber optic cable in trenches or bores opened by the Grantee. In addition, Grantor may wish to avail itself of rights pursuant to RCW 35.99.070. Therefore, if the Grantee upgrades in the future, the Grantee shall submit these plans to the Grantor in accordance with the Grantor's permitting process so that such opportunities may be explored. However, nothing set forth herein shall obligate the Grantee to slow the progress of the upgrade of the System to accommodate the Grantor. In addition, the Grantee agrees to cooperate with the Grantor in any other construction by the Grantee that involves trenching or boring. If sufficient space is reasonably available, the Grantee shall allow the Grantor to lay its cable, conduit and fiber optic cable in the Grantee's trenches and bores, provided the Grantor shares in the cost of the trenching and boring on the same terms and conditions as the Grantee at that time shares the total cost of trenches and bores. The Grantor shall be responsible for maintaining its respective cable, conduit and fiber optic cable buried in the Grantee's trenches and bores under this paragraph.

(E) The Grantor shall not be required to obtain easements for the Grantee.

(F) The Grantee shall participate with other providers in joint trench projects to relocate its overhead facilities underground and remove its overhead facilities in areas where all utilities are being converted to underground facilities.

## 10.10 Construction Codes

Grantee shall strictly adhere to all building and zoning codes currently or hereafter in effect. Grantee shall arrange its lines, cables and other appurtenances, on both public and private property, in such a manner as to cause no unreasonable interference with the use of said public or private property by any Person. In the event of such interference, Grantor may require the removal or relocation of Grantee's lines, cables and other appurtenances from the property in question.

### **10.11 Construction and Use of Poles**

Whenever feasible, Grantee shall use existing poles when the installation of facilities above-ground is permitted. In the event Grantee cannot obtain the necessary poles and related facilities pursuant to a pole attachment agreement, and only in such event, then it shall be lawful for Grantee to make all needed excavations in the Streets for the purpose of placing, erecting, laying, maintaining, repairing and removing poles, conduits, supports for wires and conductors, and any other facility needed for the maintenance or extension of Grantee's System. All poles of Grantee shall be erected between the curb and the sidewalk unless otherwise designated by the proper authorities of Grantor, and each pole shall be set whenever practicable at an extension lot line. Grantor shall have the right to require Grantee to change the location of any pole, conduit, structure or other facility within Rights-of-Way when, in the opinion of Grantor, the public convenience requires such change, and the expense thereof shall be paid by Grantee.

### **10.12 Tree Trimming**

Upon obtaining a written permit from Grantor, if such a permit is required, Grantee may prune or cause to be pruned, using proper pruning practices in accordance with such permit, any tree in the Rights-of-Way which interferes with the System.

### **10.13 Standards**

(A) All work authorized and required hereunder shall be done in a safe, thorough and worker-like manner. The Grantee must comply with all federal, State and Grantor safety requirements, rules, regulations, laws and practices, and employ all necessary devices as required by applicable law during construction, operation and repair of its System. By way of illustration and not limitation, the Grantee must comply with the National Electric Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) Standards.

(B) Grantee shall ensure that all cable drops are properly bonded to the electrical power ground at the home, consistent with applicable code requirements. All non-conforming or non-performing cable drops shall be replaced by Grantee as necessary.

(C) All installations of equipment shall be permanent in nature, durable and installed in accordance with good engineering practices and of sufficient height to comply with all existing Grantor regulations, ordinances and State laws so as not to interfere in any manner with the right of the public or individual property owner, and shall not interfere with the travel and use of public places by the public during the construction, repair, operation or removal thereof, and shall not obstruct or impede traffic.

(D) In the maintenance and operation of its System in Rights-of-Way, alleys and other public places, and in the course of any new construction or addition to its facilities, the Grantee shall proceed so as to cause the least possible inconvenience to the general public; any opening or obstruction in the Rights-of-Way or other public places made by the Grantee in the course of its operations shall be guarded and protected at all times by the placement of adequate barriers, fences or boarding, the bounds of which, during periods of dusk and darkness, shall be clearly designated by warning lights.

(E) In the event the Grantor shall relocate a Rights-of-Way, raise or lower a bridge, or make any other changes requiring the removal of utility installations, the Grantee shall remove or relocate its installations at said locations at no cost to the Grantor.

#### **10.14 Stop Work**

On notice from Grantor that any work is being conducted contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by Grantor, or in violation of the terms of any applicable permit, laws, regulations, ordinances or standards, the work may immediately be stopped by Grantor. The stop work order shall:

- (A) Be in writing;
- (B) Be given to the individual doing the work, or posted on the work site;
- (C) Be sent to Grantee by mail at the address given herein;
- (D) Indicate the nature of the alleged violation or unsafe condition; and
- (E) Establish conditions under which work may be resumed.

#### **10.15 Work of Contractors and Subcontractors**

Grantee's contractors and subcontractors shall be licensed and bonded in accordance with Grantor's ordinances, regulations and requirements. Work by contractors and subcontractors is subject to the same restrictions, limitations and conditions as if the work were performed by Grantee. Grantee shall be responsible for all work performed by its contractors and subcontractors and others performing work on its behalf as if the work were performed by it, and shall ensure that all such work is performed in compliance with this Franchise and other applicable law, and shall be jointly and severally liable for all damages and correcting all damage caused by them. It is Grantee's responsibility to ensure that contractors, subcontractors or other persons performing work on Grantee's behalf are familiar with the requirements of this Franchise and other applicable laws governing the work performed by them.

### **SECTION 11. CABLE SYSTEM DESIGN AND CAPACITY**

#### **11.1 Equal and Uniform Service**

The Grantee shall provide access to equal and uniform Cable Service offerings throughout the Franchise Area along public rights-of-way, provided that nothing shall prohibit the Grantee from activating additional Cable Services to Subscribers on a node by node basis during construction of its Cable System.

#### **11.2 Cable System**

Grantee shall construct a Cable System that is based upon a fiber-to-the-node system architecture, with fiber-optic cable deployed from the Headend through a hub to the node and tying into a hybrid fiber-coaxial system serving Subscribers. Active and passive devices must be capable of passing

a minimum of 750 MHz, and the Cable System must be capable of delivering high quality signals that meet, or exceed, FCC technical quality standards regardless of a particular manner in which signal is transmitted. During the term of this Franchise, the Grantee agrees to maintain the Cable System in a manner consistent with, or in excess of these specifications.

### **11.3 Technical Performance**

The technical performance of the Cable System shall meet or exceed all applicable federal (including, but not limited to, the FCC), State and local technical standards, as they may be amended from time to time, regardless of the transmission technology utilized. Grantor shall have the full authority permitted by applicable law to enforce compliance with these technical standards.

### **11.4 Cable System Performance Testing**

(A) Grantee shall, at Grantee's expense, perform the following tests on its Cable System:

- (1) All tests required by the FCC;
- (2) All other tests reasonably necessary to determine compliance with technical standards adopted by the FCC at any time during the term of this Franchise; and
- (3) All other tests as otherwise specified in this Franchise.

(B) At a minimum, Grantee's tests shall include:

- (1) Cumulative leakage index testing of any new construction;
- (2) Semi-annual compliance and proof of performance tests in conformance with generally accepted industry guidelines;
- (3) Tests in response to Subscriber complaints;
- (4) Periodic monitoring tests, at intervals not to exceed six (6) months, of Subscriber (field) test points, the Headend, and the condition of standby power supplies; and

(5) Cumulative leakage index tests, at least annually, designed to ensure that one hundred percent (100%) of Grantee's Cable System has been ground or air tested for signal leakage in accordance with FCC standards.

(C) Grantee shall maintain written records of all results of its Cable System tests, performed by or for Grantee. Copies of such test results will be provided to Grantor upon request.

(D) Grantee shall be required to promptly take such corrective measures as are necessary to correct any performance deficiencies fully and to prevent their recurrence as far as



possible. Grantee's failure to correct deficiencies identified through this testing process shall be a material violation of this Franchise. Sites shall be re-tested following correction.

### **11.5 Additional Tests**

Where there exists other evidence that in the judgment of Grantor casts doubt upon the reliability or technical quality of Cable Service, the Grantor shall have the right and authority to require Grantee to test, analyze and report on the performance of the Cable System. Grantee shall fully cooperate with the City in performing such testing and shall prepare the results and a report, if requested, within thirty (30) days after testing. Such report shall include the following information:

- (A) the nature of the complaint or problem which precipitated the special tests;
- (B) the Cable System component tested;
- (C) the equipment used and procedures employed in testing;
- (D) the method, if any, in which such complaint or problem was resolved; and
- (D) any other information pertinent to said tests and analysis which may be required.

## **SECTION 12. INSTITUTIONAL NETWORK**

### **12.1 Option to Provide Institutional Network at Grantor's request**

The Grantor may, during the term of this franchise, require the Grantee to provide a proposal for provision of an Institutional Network. Upon receipt of the notice, the City and the Grantee shall meet to discuss the Institutional Network communications needs of the City and the ability of the Grantee to accommodate them, at the City's expense. I-Net design shall take into account the needs of the City and currently available technology.

### **12.2 Design and Estimation of Cost**

Within sixty (60) days of the determination of the City's I-Net needs, the Grantee shall provide to the City, in writing, a firm estimate of the incremental cost of I-Net construction. Within sixty (60) days of receipt of the cost estimate, the City shall respond to the Grantee with an acceptance or rejection of the I-Net project. If the City accepts the project, the Grantee will proceed with construction. Upon completion of construction, the Grantee will invoice the City for construction costs in an amount not to exceed the estimate and payable within one hundred twenty (120) days.

## **SECTION 13. SERVICE EXTENSION**

### **13.1 Service Availability**

(A) In general, except as otherwise provided herein, Grantee shall provide standard installation of Cable Service within seven (7) days of a request by any Person within its Franchise Area to serve a dwelling or other structure located within 125 feet of the system. For purposes of

this Section, a request shall be deemed made on the date of signing a service agreement, receipt of funds by Grantee, receipt of a written request by Grantee or receipt by Grantee of a verified verbal request. Grantee shall provide such service:

(1) With no line extension charge except as specifically authorized elsewhere in this Franchise.

(2) At a non-discriminatory installation charge for a standard installation, consisting of a one hundred twenty-five (125) foot drop connecting to an appropriate exterior location for bonding and grounding of the drop, with additional charges for non-standard installations computed according to a non-discriminatory method for such installations, adopted by Grantee and provided in writing to Grantor.

(3) At non-discriminatory monthly rates for all Subscribers; separate rates may be established for commercial customers and multiple dwelling unit (MDU) bulk customers as allowed by law.

## **SECTION 14. STANDBY POWER AND EMERGENCY ALERT SYSTEM**

### **14.1 Standby Power**

Grantee shall provide standby power generating capacity at the System Headend capable of providing at least twelve (12) hours of emergency operation. Grantee shall maintain standby power system supplies, rated for at least two (2) hours duration, throughout the trunk and distribution networks. In addition, throughout the term of this Franchise Grantee shall have a plan in place, along with all resources necessary for implementing such plan, for dealing with outages of more than two (2) hours.

### **14.2 Emergency Alert Capability**

(A) In accordance with, and at the time required by, the provisions of FCC Regulations, as such provisions may from time to time be amended, EAS activation will be accomplished in compliance with the FCC approved Washington State EAS plan and the Local Area EAS plan that applies to Pierce County, which has already been submitted for approval to the Washington State Emergency Communications Committee (WSECC).

(B) Grantee shall ensure that the EAS system is functioning properly at all times. It will test the EAS system periodically, in accordance with FCC regulations.

## **SECTION 15. FRANCHISE BREACHES; TERMINATION OF FRANCHISE**

### **15.1 Informal Dispute Resolution**

Prior to proceeding with the formal Procedure for Remedying of Franchise Violations process as

set forth below (in subsection 15.2), Grantor agrees to provide Grantee informal verbal or electronic mail notice of any alleged material violation of this Franchise and allow Grantee a reasonable opportunity to cure the violation. If the alleged violation is investigated by Grantee and determined to be valid, Grantee agrees to exert good faith efforts to immediately resolve the matter. However, if the alleged violation is determined by Grantee to be invalid, or outside of Grantee's legal responsibilities, the Grantee promptly shall so advise Grantor. Grantee agrees to exert good faith efforts to expedite its investigation, determination and communications to Grantor so that the informal resolution process proceeds on an expedited basis. If Grantor believes that Grantee is unreasonably delaying the informal resolution process, it may commence the formal dispute resolution process.

### **15.2 Procedure for Remediating Franchise Violations**

(A) If Grantor believes that Grantee has failed to perform any material obligation under this Franchise, or has failed to perform in a timely manner, Grantor shall notify Grantee in writing, stating with reasonable specificity the nature of the alleged default. Grantee shall have thirty (30) days from the receipt of such notice to:

(1) Respond to Grantor, contesting Grantor's assertion that a default has occurred, and requesting a hearing in accordance with subsection (B), below;

(2) Cure the default; or

(3) Notify Grantor that Grantee cannot cure the default within the thirty (30) days, because of the nature of the default. In the event the default cannot be cured within thirty (30) days, Grantee shall promptly take all reasonable steps to cure the default and notify Grantor in writing and in detail as to the exact steps that will be taken and the projected completion date. In such case, Grantor may set a hearing in accordance with subsection (B) below to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable. Upon five (5) business days' prior written notice, either Grantor or Grantee may call an informal meeting to discuss the alleged default.

(B) If Grantee does not cure the alleged default within the cure period stated above, or by the projected completion date under subsection (A)(3), or denies the default and requests a hearing in accordance with subsection (A)(1), or Grantor orders a hearing in accordance with subsection (A)(3), Grantor shall set a public hearing to investigate said issues or the existence of the alleged default. Grantor shall notify Grantee of the hearing in writing and such hearing shall take place no less than seven (7) days after Grantee's receipt of notice of the hearing. At the hearing, Grantee shall be provided an opportunity to be heard, to present and question witnesses, and to present evidence in its defense. At any such hearing, Grantor shall not unreasonably limit Grantee's opportunity to make a record which may be reviewed should any final decision of Grantor be appealed to a court of competent jurisdiction. The determination as to whether a default or a material breach of this Franchise has occurred shall be within Grantor's sole discretion, but any such determination shall be subject to appeal to a court of competent jurisdiction.

(C) If, after the public hearing, Grantor determines that a default still exists, Grantor shall order Grantee to correct or remedy the default or breach within fourteen (14) days or within such other reasonable time frame as Grantor shall determine. In the event Grantee does not cure within such time to Grantor's reasonable satisfaction, Grantor may:

- (1) Assess and collect monetary damages in accordance with this Franchise;
- (2) Commence procedures to terminate this Franchise; or,
- (3) Pursue any other legal or equitable remedy available under this Franchise or applicable law.

(D) The determination as to whether a violation of this Franchise has occurred pursuant to this Section herein shall be within the sole discretion of the Grantor or its designee. Any such determination by Grantor shall be accompanied by a record, to which Grantee's contribution shall not be unreasonably limited by Grantor. Any such final determination shall be subject to appeal to a court of competent jurisdiction.

### **15.3 Alternative Remedies**

(A) No provision of this Franchise shall be deemed to bar the right of either party to seek or obtain judicial relief from a violation of any provision of the Franchise or any rule, regulation, requirement or directive promulgated thereunder. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of either party to recover monetary damages, as allowed under applicable law, or to seek and obtain judicial enforcement of obligations by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.

(B) The Grantor specifically does not, by any provision of this Franchise, waive any right, immunity, limitation or protection (including complete damage immunity) otherwise available to the Grantor, its officers, officials, Councils, boards, commissions, authorized agents, or employees under federal, state, or local law including by example Section 635A of the Cable Act. The Grantee shall not have any monetary recourse against the Grantor, or its officers, officials, Council, Boards, commissions, agents or employees for any loss, costs, expenses or damages arising out of any provision, requirement of this Franchise or the enforcement thereof.

### **15.4 Assessment of Monetary Damages**

(A) Upon completion of the procedures set forth above, and from the date of said violation pursuant to the procedures specified in this Franchise, Grantor may assess against and collect from Grantee monetary damages in amounts of up to five hundred dollars (\$500.00) per day or the City's actual damages, whichever is greater, for general construction delays, and up to two hundred dollars (\$200.00) per day for any other material breaches for a maximum of ninety (90) days or until said breaches have been cured. Grantor may collect the assessment as specified in this Franchise.

(B) Any assessment hereunder shall not constitute a waiver by Grantor of any other right or remedy it may have under this Franchise or applicable law, including its right to recover

from Grantee any additional rights or claims Grantor might have to damages, losses, costs and expenses.

(C) The Grantor and the Grantee recognize the delays, expense and unique difficulties involved in proving in a legal proceeding the actual loss suffered by the Grantor as a result of the Grantee's breach of this Franchise. Accordingly, instead of requiring such proof, the Grantor and the Grantee agree that the Grantee may be required to pay to the Grantor the sums set forth above for each day that the Grantee shall be in breach of the specific provisions of this Franchise. Such amounts are agreed by both parties to be a reasonable estimate of the actual damages the Grantor would suffer in the event of the Grantee's breach of such provisions of this Franchise, and are not intended as a penalty.

(D) The Grantee's maintenance of the Security required herein or by applicable code shall not be construed to excuse unfaithful performance by the Grantee of this Franchise; to limit the liability of the Grantee to the amount of the Security; or to otherwise limit the Grantor's recourse to any other remedy available at law or equity.

#### **15.5 Revocation**

(A) This Franchise may be revoked and all rights and privileges rescinded if a material breach of the Franchise is not cured pursuant to Section 15.2, or in the event that:

- (1) Grantee fails to perform any material obligation under this Franchise;
- (2) Grantee attempts to evade any material provision of this Franchise or to practice any fraud or deceit upon the Grantor or Subscribers;
- (3) Grantee makes a material misrepresentation of fact in the negotiation of this Franchise;
- (4) Grantee or an Affiliate challenges the legality or enforceability of this Franchise in a judicial or administrative (for example, FCC) proceeding;
- (5) Grantee fails to maintain required business offices as provided above;
- (6) Grantee abandons the System, or terminates the System's operations;
- (7) Grantee fails to restore service to the System after three consecutive days of an outage or interruption in service except as provided for in Section 18.16 hereof; or; except when approval of such outage or interruption is obtained from the Grantor, it being the intent that there shall be continuous operation of the System; or
- (8) Grantee becomes insolvent, unable or unwilling to pay its debts, or is adjudged bankrupt, there is an assignment for the benefit of Grantee's creditors, or all or part of the Grantee's System is sold under an instrument to secure a debt and is not redeemed by Grantee within thirty (30) days from said sale.

(B) Additionally, this Franchise may be revoked one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of the Grantee (at the option of the Grantor and subject to applicable law) whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless:

(1) The receivership or trusteeship is vacated within one hundred twenty (120) days of appointment; or

(2) The receivers or trustees have, within one hundred twenty (120) days after their election or appointment, fully complied with all the material terms and provisions of this Franchise, and have remedied all material defaults under the Franchise. Additionally, the receivers or trustees shall have executed an agreement duly approved by the court having jurisdiction, by which the receivers or trustees assume and agree to be bound by each and every term and provision of this Franchise.

(C) If there is a foreclosure or other involuntary sale of the whole or any part of the plant, property and equipment of Grantee, Grantor may serve notice of revocation on Grantee and to the purchaser at the sale, and the rights and privileges of Grantee under this Franchise shall be revoked thirty (30) days after service of such notice, unless:

(1) Grantor has approved the transfer of the Franchise, in accordance with the procedures set forth in this Franchise and as provided by law; and

(2) The purchaser has covenanted and agreed with Grantor to assume and be bound by all of the terms and provisions of this Franchise.

(D) Grantor shall provide Grantee written notice of its intent to consider revocation and hold a hearing in accordance with the provisions of this Franchise. Grantee shall submit any objection to revocation in writing to Grantor, stating with specificity its objections. Grantor shall hear any Persons interested in the revocation, and shall allow Grantee an opportunity to be heard, to cross-examine witnesses, to present evidence, and to make all reasonable additions to the hearing record.

(E) Grantor shall determine whether the Franchise shall be revoked. The Grantee may appeal such determination to a court of competent jurisdiction. Such appeal to the appropriate court shall be taken within thirty (30) days of the issuance of the determination of the Grantor. Grantor shall receive notice of any appeal concurrent with any filing to a court of competent jurisdiction.

## 15.6 Removal

(A) In the event of termination, expiration or revocation of this Franchise, and after all appeals from any judicial determination are exhausted and final, Grantor may order the removal of the System facilities from the Franchise Area at Grantee's sole expense within a reasonable period of time as determined by Grantor. In removing its plant, structures and equipment, Grantee shall refill, at its own expense, any excavation that is made by it and shall leave all Rights-of-Way, public places and private property in as good a condition as that prevailing prior to Grantee's

removal of its equipment. Any portion of the Facilities that are covered by this Franchise that are also used as an integral part of Grantee's electrical distribution system may continue to operate notwithstanding the termination, expiration or revocation of this Franchise.

(B) If Grantee fails to complete any required removal to the satisfaction of Grantor, Grantor may cause the work to be done, and Grantee shall reimburse Grantor for the reasonable costs incurred within thirty (30) days after receipt of an itemized list of Grantor's expenses and costs, or Grantor may recover its expenses and costs from the Security, or pursue any other judicial remedies for the collection thereof. Any expenses incurred in the collection by Grantor of such obligation shall be included in the monies due Grantor from Grantee, including reasonable attorney fees, court expenses and attributed expenses for work conducted by Grantor's staff or agents.

## **SECTION 16. ABANDONMENT**

### **16.1 Effect of Abandonment**

If the Grantee abandons its System during the Franchise term, or fails to operate its System in accordance with its duty to provide continuous service, the Grantor, at its option, may operate the System or; designate another entity to operate the System temporarily until the Grantee restores service under conditions acceptable to the Grantor, or until the Franchise is revoked and a new franchisee is selected by the Grantor. If the Grantor designates another entity to operate the System, the Grantee shall reimburse the Grantor for all reasonable costs, expenses and damages incurred, including reasonable attorney fees, court expenses and attributed expenses for work conducted by Grantor's staff or agents.

## **SECTION 17. FRANCHISE TRANSFER**

### **17.1 Transfer of Ownership or Control**

(A) The Cable System and this Franchise shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable, or any right, interest or property therein pass to or vest in any Person or entity without the prior written consent of the Grantor, which consent shall be by the City Council, acting by ordinance or resolution and which shall not be unreasonably withheld.

(B) The Grantee shall promptly notify the Grantor of any actual or proposed change in, or transfer of, or acquisition by any other party of control of the Grantee. The word "control" as used herein is not limited to majority stockholders but includes actual working control in whatever manner exercised. Every change, transfer or acquisition of control of the Grantee shall make this Franchise subject to cancellation unless and until the Grantor shall have consented in writing thereto.

(C) The parties to the sale or transfer shall make a written request to the Grantor for its approval of a sale or transfer and furnish all information required by law and the Grantor.

(D) In seeking the Grantor's consent to any change in ownership or control, the proposed transferee shall indicate whether it:

(1) Has ever been convicted or held liable for acts involving deceit including any violation of federal, State or local law or regulations, or is currently under an indictment, investigation or complaint charging such acts;

(2) Has ever had a judgment in an action for fraud, deceit, or misrepresentation entered against the proposed transferee by any court of competent jurisdiction;

(3) Has pending any material legal claim, lawsuit, or administrative proceeding arising out of or involving a cable system;

(4) Is financially solvent, by submitting financial data including financial statements that are audited by a certified public accountant who may also be an officer of the transferee, along with any other data that the Grantor may reasonably require; and

(5) Has the financial, legal and technical capability to enable it to maintain and operate the Cable System for the remaining term of the Franchise.

(E) The Grantor shall act by ordinance or resolution on the request within one hundred twenty (120) days of the request, provided it has received all requested information. Subject to the foregoing, if the Grantor fails to render a final decision on the request within one hundred twenty (120) days, such request shall be deemed granted unless the requesting party and the Grantor agree to an extension of time.

(F) Within thirty (30) days of any transfer or sale, if approved or deemed granted by the Grantor, Grantee shall file with the Grantor a copy of the deed, agreement, lease or other written instrument evidencing such sale or transfer of ownership or control, certified and sworn to as correct by Grantee and the transferee, and the transferee shall file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to applicable law. In the event of a change in control, in which the Grantee is not replaced by another entity, the Grantee will continue to be bound by all of the provisions of the Franchise, subject to applicable law, and will not be required to file an additional written acceptance. By agreeing to any transfer of ownership, Grantor does not waive any rights in this Franchise.

(G) In reviewing a request for sale or transfer, the Grantor may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the Grantor in so inquiring. The Grantor may condition said sale or transfer upon such terms and conditions as it deems reasonably appropriate, provided, however, any such terms and conditions so attached shall be related to the legal, technical and financial qualifications of the prospective controlling party or transferee and to the resolution of outstanding and unresolved issues of noncompliance with the terms and conditions of this Franchise by Grantee.

(H) Notwithstanding anything to the contrary in this subsection, the prior approval of the Grantor shall not be required for any sale, assignment or transfer of the Franchise or Cable



System to an entity controlling, controlled by or under the same common control as Grantee, provided that the proposed assignee or transferee must show financial responsibility as may be determined necessary by the Grantor and must agree in writing to comply with all of the provisions of the Franchise. Further, Grantee may pledge the assets of the Cable System for the purpose of financing without the consent of the Grantor; provided that such pledge of assets shall not impair or mitigate Grantee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise.

## **SECTION 18. MISCELLANEOUS PROVISIONS**

### **18.1 Preferential or Discriminatory Practices Prohibited**

Grantee shall not discriminate in hiring, employment or promotion on the basis of race, color, ethnic or national origin, religion, age, sex, sexual orientation, or physical or mental disability. Throughout the term of this Franchise, Grantee shall fully comply with all equal employment or non-discrimination provisions and requirements of federal, State and local laws, and rules and regulations relating thereto.

### **18.2 Notices**

Throughout the term of this Franchise, each party shall maintain and file with the other a local address for the service of notices by mail. All notices shall be sent to such respective address, and such notices shall be effective upon the date of mailing. At the effective date of this Franchise:

Grantee's address shall be:

Tacoma Power  
Click! Network  
Tacoma Public Utilities  
3628 South 35<sup>th</sup> Street  
Tacoma, WA 98409-3192  
Attention: Telecommunications Manager

With a copy to:

Tacoma Public Utilities  
3628 South 35<sup>th</sup> Street  
Tacoma, WA 98409-3192  
Attention: Legal Department

Grantor's address shall be:

City of University Place  
3715 Bridgeport Way West  
University Place, WA 98466  
Attention: City Manager

With copies to:

City Attorney

City of University Place  
3715 Bridgeport Way West  
University Place, WA 98466

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**18.3 Costs to be borne by Grantee**

Grantee shall pay for all costs of publication of this Franchise, and any and all notices prior to not more than two (2) public meetings provided for pursuant to this Franchise.

**18.4 Binding Effect**

This Franchise shall be binding upon the parties hereto, their permitted successors and assigns.

**18.5 Authority to Amend**

This Franchise may be amended at any time by written agreement between the parties.

**18.6 Venue**

The Venue for any dispute related to this Franchise shall be with the United States District Court for the Western District of Washington or the Pierce County Superior Court, Tacoma, Washington.

**18.7 Governing Law**

This Franchise shall be governed in all respects by the laws of the State of Washington.

**18.8 Captions**

The captions and headings of this Franchise are for convenience and reference purposes only and shall not affect in any way the meaning or interpretation of any provisions of this Franchise.

**18.9 Construction of Franchise**

The provisions of this Franchise shall be liberally construed to promote the public interest.

**18.10 No Joint Venture**

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to, nor shall either party act toward third persons or the public in any manner that would indicate any such relationship with the other.

**18.11 Waiver**

The failure of either party at any time to require performance by the other of any provision hereof shall in no way affect the right of the other party hereafter to enforce the same. Nor shall the waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself or any other provision.

**18.12 Severability**

If any Section, subsection, paragraph, term or provision of this Franchise is determined to be illegal, invalid or unconstitutional by any court or agency of competent jurisdiction, such determination shall have no effect on the validity of any other Section, subsection, paragraph, term or provision of this Franchise, all of which will remain in full force and effect for the term of the Franchise.

**18.13 Entire Agreement**

This Franchise and all Exhibits represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede all prior oral negotiations and written agreements between the parties.

**18.14 Compliance with Federal, State, and Local Laws**

The Grantee shall comply with applicable federal, state and local laws, rules and regulations.

**18.15 Customer Service Standards**

The Grantee shall comply with the customer service standards as established in 47 CFR 76.309.

**18.16 Force Majeure**


The Grantee shall not be held in default under, or in noncompliance with, the provisions of this Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by circumstances reasonably beyond the ability of the Grantee to anticipate and control, including war or riots, civil disturbances, floods or other natural catastrophes, labor stoppages, slow downs, or power outages exceeding back-up power supplies, work delays caused by waiting for utility providers to service or monitor their utility poles to which the Grantee's Cable System is attached as well as unavailability of materials irrespective of cost.

IN WITNESS WHEREOF, this Franchise is signed in the name of the City of University Place, Washington, a municipal corporation, this 21<sup>st</sup> day of OCTOBER, 2017.

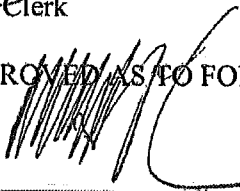
**CITY OF UNIVERSITY PLACE**

  
By: Steve Sugg, City Manager

ATTEST:

  
Elnetha Genetia  
City Clerk

APPROVED AS TO FORM

  
Matthew S. Kaser, City Attorney

ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, subject to applicable federal, state and local law.

**City of Tacoma Department of Public Utilities, Light Division, (dba) Click! Network**

\_\_\_\_\_  
By: Chris Robinson  
Power Superintendent/COO  
Tacoma Power

APPROVED AS TO FORM

\_\_\_\_\_  
Finance

\_\_\_\_\_  
Deputy City Attorney



## RESOLUTION NO. U-10969

1  
2 A RESOLUTION authorizing the execution of Sound Transit Tacoma Link  
3 Expansion ST2 – City Services Agreement Work Order #10 for new  
4 electrical services to power the commissioning and operation of the Tacoma  
5 Link Extension system.

6  
7 WHEREAS, under resolution U-10916, the Public Utility Board authorized  
8 execution of the Sound Transit Tacoma Link Expansion ST2 – City Services  
9 Agreement (“City Services Agreement”). The City Services Agreement sets forth  
10 the terms and conditions upon which the City of Tacoma, Department of Public  
11 Utilities, Light Division (dba “Tacoma Power”) and Water Division (dba “Tacoma  
12 Water”) will provide services to Sound Transit to facilitate design and  
13 construction of the expansion of the Tacoma Link Light Rail system from the  
14 Theater District Station to the Hilltop District (“TLE Project”), and

15  
16 WHEREAS Work Order #10 sets forth the duties and responsibilities for  
17 construction and inspection activities necessary to provide electrical power for  
18 commissioning and operation of the Tacoma Link Extension, and

19  
20 WHEREAS the estimated cost of construction and inspection activities for  
21 new electrical services to be completed by Tacoma Power under Work Order #10  
22 is \$400,000, to be reimbursed by Sound Transit in accordance with Tacoma  
23 Power’s Customer Service Policy. Unlike the prior Work Orders these funds are  
24 not considered “In-Kind” contributions to the TLE Project and will not count towards  
25 the City’s contribution to the TLE Project, and

26  
27 WHEREAS, the Public Utility Board finds that it is in the best interest of the  
28 customers of Tacoma Power that the City Services Agreement Work Order #10 be  
29 approved; Now Therefore,



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BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the proposed Sound Transit Tacoma Link Expansion ST2 – City Services Agreement Work Order #10 is approved, and the appropriate officers of the City are authorized to execute said agreements, substantially in the form on file with the Clerk of the Board and as approved by the City Attorney.

Approved as to form and legality:

William Foster  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date: October 17, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Authorize execution of Sound Transit Tacoma Link Expansion ST2 – City Services Agreement Work Order #10.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Tacoma Power recommends that the Public Utility Board authorize execution of Sound Transit Tacoma Link Expansion ST2 – City Services Agreement Work Order #10. The Work Order establishes the duties and responsibilities for construction and inspection activities to be completed by Tacoma Power during the Tacoma Link Expansion (TLE) project.

Authorization will allow Tacoma Power to complete construction and inspection activities during the TLE project. The estimated cost of construction activities to be completed by Tacoma Power under Work Order #10 is \$400,000. The funds expended by Tacoma Power per the attached work orders will be compensated by Sound Transit in accordance with Tacoma Power's Customer Service Policy.

3. Summarized reason for resolution:

Under Resolution U-10916 the Public Utility Board authorized execution of the Sound Transit Tacoma Link Expansion ST2 – City Services Agreement. The City Services Agreement set forth the terms and conditions upon which Tacoma Power and Tacoma Water will provide services to Sound Transit to facilitate design and construction of the TLE project.

Work Order #10 set for the duties and responsibilities for construction and inspection activities to be completed by Tacoma Power and Sound Transit respectively during the TLE project.

The estimated cost of construction and inspection activities to be completed by Tacoma Power under Work Order #10 is \$400,000. The funds expended by Tacoma Power per the attached work orders will be compensated by Sound Transit in accordance with Tacoma Power's Customer Service Policy.

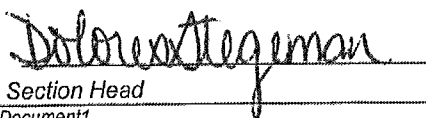
4. Attachments:

- a. Memorandum – Agreement Authorization Request
- b. Sound Transit Tacoma Link Expansion ST2 – City Services Agreement Work Order #10


5.  Funds available       Proposed action has no budgetary impact

6. Deviations requiring special waivers: None

Originated by:

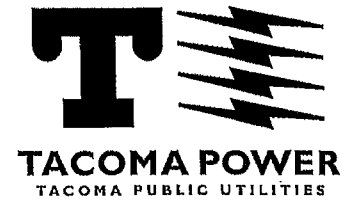
  
Section Head  
Document

Requested by:

  
Division Head

Approved:

  
Director of Utilities



**DATE:** October 17, 2017

**TO:** William A. Gaines, Director of Utilities/CEO

**FROM:** Chris Robinson, Power Superintendent *CR*

**SUBJECT:** Sound Transit Tacoma Link Expansion ST2 – City Services Agreement  
Authorization to Execute Work Order Request #10

Tacoma Power requests authorization to execute Sound Transit Tacoma Link Expansion ST2 – City Services Agreement Work Order Request #10. Tacoma Power's estimated cost is \$400,000, plus applicable taxes. The funds expended by Tacoma Power per the attached work order will be compensated by Sound Transit in accordance with Tacoma Power's Customer Service Policy.

#### **BACKGROUND**

Sound Transit proposes to construct a 2.4 mile expansion of the Tacoma Link, including the construction of 6 new stations. In order to complete the expansion of the Tacoma Link it is necessary to relocate Tacoma Power and Tacoma Water facilities.

Under Resolution U-10916 the Public Utility Board authorized execution of the Sound Transit Tacoma Link Expansion ST2 – City Services Agreement. The City Services Agreement set forth the terms and conditions upon which Tacoma Power and Tacoma Water will provide services to Sound Transit to facilitate design and construction of the Tacoma Link Expansion (TLE) project.

Work Order #10 sets forth the duties and responsibilities for construction and inspection activities to be completed by Tacoma Power and Sound Transit for the extension of the electrical distribution system to serve new facilities required by the TLE project.

The estimated cost of construction activities to be completed by Tacoma Power under Work Order #10 is \$400,000, plus applicable taxes.

#### **RECOMMENDATION**


We recommend authorizing the execution of Sound Transit Tacoma Link Expansion ST2 – City Services Agreement Work Order Request #10



**PROJECT ENGINEERS/COORDINATORS**

Joseph Rempe, Tacoma Power, Transmission & Distribution, (253) 502-8290

Please indicate your concurrence by signing below.

  
\_\_\_\_\_  
William A. Gaines  
Director of Utilities/CEO

RF:td

cc: Corey Newton, Environmental Services  
Joe Rempe, Tacoma Power

File: Sound Transit TLE

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
Work Order Request #10 – TPU Power Division

1 **TACOMA POWER New Electrical Service**

2 This Work Order is adopted by the City of Tacoma (“City or COT”) by and through Tacoma Power  
3 (TPWR) a business unit of Tacoma Public Utilities (TPU) and Sound Transit (ST), who are parties to the  
4 City Services Agreement dated \_\_\_\_\_. This Work Order is subject to and incorporates  
5 the terms of the Agreement.

6 The work & services performed within the scope of this Work Order shall not be considered as “In-  
7 Kind” contribution to the Project. TPWR shall provide electrical power for commissioning and  
8 operation the Tacoma Link Extension system. The work and payment of costs & fees shall follow the  
9 Tacoma Power Customer Service Policy as noted in Work Order #4 Section 1B5i, and COT Municipal  
10 Code.

11 **Section 1. Services Required**

12 The following are new electrical services that are related to the project and will require:

13 **Traction Power Substations (TPSS) 480 volt, 800amp .**

- 14 ○ #1 TPSS T16 Stadium Way New substation located at STA.163+00
- 15 ○ #2 TPSS T18 N 1<sup>st</sup> St New substation located at STA.192+00
- 16 ○ #3 TPSS T20 S. 8<sup>th</sup> St New substation located at STA. 210+00
- 17 ○ #4 TPSS T24 S 15<sup>th</sup> St New substation located at STA. 250+00 (Police Station)
- 18 ○ TPSS TY00 – Tacoma OMF New substation located at OMF

19 **Stations 120/240 volt, 200amp**

- 20 ○ 7<sup>th</sup>/Commerce St Station
- 21 ○ S 4<sup>th</sup>/Stadium Way Station
- 22 ○ Stadium District Station
- 23 ○ MLK/3<sup>rd</sup> Ave Sta. (T19) New Station Located at STA. 204+00
- 24 ○ MLK/6th Ave Sta. (T21) New Station Located at STA. 215+00
- 25 ○ MLK/11th Ave Sta. (T23) New Station Located at STA. 234+00
- 26 ○ MLK/18th Ave Sta. (T25) New Station Located at STA. 259+00

27 **Traffic signal system power 120/240 volt, 100amp**

- 28 ○ Intersection of Commerce St/S 7th St Approximate Station 141+00
- 29 ○ Intersection of N 1st St/N Tacoma Ave Approximate Station 180+00
- 30 ○ Intersection of Division Ave/MLK Approximate Station 201+50
- 31 ○ Intersection of MLK/S 18th St Approximate Station 259+55

32 **Switch Heater/Signals 120/240 volt, 100amp**

- 33 ○ T10-SIG-01 (S 9th) New Switch Heater/Signals Located at STA. 134+00
- 34 ○ SIG #25 New Switch Heater/Signals Located at STA. 260+00

35

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
Work Order Request #10 – TPU Power Division

1       **Task #1 Project Management Assistance.**

- 2           1) Support ST Construction Project
- 3           a) Identify critical Project delivery issues and work closely with ST and COT to resolve
- 4           Project construction Issues
- 5           b) Responsible for timely submittal, RFI, betterment funding, and cost estimate responses
- 6           required from TPWR
- 7           c) Respond to and address outstanding issues and action items to final resolution
- 8           d) Provide monthly progress reporting
- 9           e) Attend Project Weekly Meeting prior to work commencing through closeout of work.
- 10
- 11          2) Coordinate TPWR participation in the Project
- 12          a) Assist in coordinating TPWR resources in support of the Project
- 13          b) Support TPWR inspection personnel involved in Project
- 14          c) Lead estimation and evaluation of TPWR proposals or betterment agreements affecting
- 15          the Project budget and schedule
- 16

17       **Task #2 - New Service Application and Fees for New Electrical Service & Electrical Inspection of**

18       **Customer Owned Electrical Systems**

- 19       ST shall apply for service with TPWR for each location that requires a new and/or modified
- 20       electrical service. Fees shall be paid by ST and/or its Contractor as assessed per the TPWR
- 21       Customer Service Policy and COT Municipal Code for:
- 22       1) Extension of TPWR's electrical system to serve the ST Stations, TPSSs, and other locations
- 23       requiring electrical service
- 24       2) Electrical Inspection of the Stations, and other locations where customer-owned electrical
- 25       systems are added or modified. Electrical inspection of TPSSs' is for service work leading to
- 26       the TPSSs', not inside each TPSS.
- 27       a) TPWR acknowledges that Sound Transit, per the State of Washington Department of
- 28       Labor & Industries, is a self-certifying entity for traction power and signal equipment.
- 29

30       **Task #3 - TPWR Construction for New Electrical Service Work.**

- 31       TPWR shall modify and/or construct new overhead and/or underground power lines, poles,
- 32       transformers and other necessary system improvements to provide service to the proposed
- 33       Sound Transit Project facilities listed in Section 1 above.
- 34
- 35       1) Design responsibility: TPWR shall be responsible for all of the electrical design work and
- 36       preparation of related drawings and specifications for all work to be performed by
- 37       TPWR, and its own contractors.
- 38       a) TPWR will submit documents for inclusion within the ST Construction Contract for the
- 39       procurement of materials and work related to providing new electrical service as noted
- 40       above and all contractor-provided items.
- 41       2) Construction responsibility:

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
 Work Order Request #10 – TPU Power Division

- 1 a) Install all cables & conductors that TPWR shall own and maintain, and install
- 2 transformers as specified in the electrical design.
- 3 b) Modify its electrical distribution system to accommodate the new electrical services
- 4 required by ST.
- 5 c) Night and/or weekend work may be required by TPWR.
- 6 3) TPWR shall be expected to report on work completed, work scheduled the following week
- 7 and the next 20 business days, and any long-range work issues requiring TPWR coordination
- 8 at the Weekly Progress Meetings
- 9 4) TPWR shall provide public outreach for TPWR activities and keep Sound Transit Outreach
- 10 updated.
- 11 5) TPWR will coordinate the schedule from commencement through completion of Task #3
- 12 work with ST's Resident Engineer. The estimated schedule is provided in the table below.

13 *Table below based on April 4, 2017 run of ST Master Schedule.*

Segment	Estimated TPWR Completion
OMF Service & TPSS	July 1, 2018
TPSS #1 - T16 - STA.163+00	March 1, 2019
Theatre District Station - Commerce	September 1, 2019
4 <sup>th</sup> St Station	September 1, 2019
TPSS #2 - T18 N 1st St - STA.192+00	March 1, 2019 1, 2020
Stadium District Stations	October 1, 2019
TPSS #3 - T20 S. 8th St - STA. 210+00	March 1, 2019
MLK / Division Stations	November 1, 2019
6 <sup>th</sup> Ave Stations	November 1, 2019
TPSS #4 - T24 S 15th St - STA. 250+00 (Police Station)	March 1, 2019 October 1, 2020
11 <sup>th</sup> St Station	February 1, 2020
18 <sup>th</sup> St Station	February 1, 2020

14

15 **Task #4 - ST Contractor Construction for New Electrical Service Work.**

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ST Contractor shall construct conduit, vault, and hand hole systems for TPWR new electrical service as is identified on TPWR Design Drawings

- 1) The ST Contractor shall construct the identified new service work. The ST Contractor and TPWR shall comply with the following protocol for final inspection and transfer of power to the new electrical service work:

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
Work Order Request #10 – TPU Power Division

- 1 a) The ST Contractor shall provide two (2) week notice to the ST Resident Engineer of  
2 readiness for final inspection of the underground new electrical service work by the  
3 utility.
  - 4 i. ST Contractor shall notify TPWR when the items are completed, whereupon  
5 TPWR shall commence final inspection under the process set forth above.
  - 6 ii. No conduit shall be covered or backfill placed around vaults or hand holes  
7 prior to TPWR inspection.
- 8 b) TPWR shall give notice of final acceptance to ST within five (5) business days of final  
9 inspection.
  - 10 i. In the event that TPWR finds that the work is not completed according to this  
11 task order, TPWR shall specify in writing what work remains to be done  
12 within five (5) business days of said final inspection.
- 13 c) Following final acceptance of the new electrical service Work by TPWR, the ST  
14 Contractor shall allow TPWR to complete the new electrical service work and  
15 switchover from the existing facilities.
  - 16 i. Private utilities' mobilization and operations for the switchover shall be  
17 accommodated during this period by TPWR. Existing utilities in operation  
18 shall not be impacted by the ST Contractor.
  - 19 ii. ST Contractor together with TPWR shall coordinate with Private Utilities work  
20 to accommodate the Project
- 21 d) TPWR shall work directly with ST Contractor on scheduling new electrical service  
22 work provided by ST Contractor.
- 23 e) The ST Contractor shall be responsible for all restoration costs associated with the  
24 installation of conduit, vaults, and/or hand holes associated with this Work Order.
- 25 2) The ST Contractor shall provide TPWR access to complete new electrical service work during  
26 the weekend closures, regular work hours, and other times mutually agreed by the ST  
27 Contractor, ST Resident Engineer, and TPWR.

28  
29 **Task #5 – Construction Coordination**

- 30 1) The ST Contractor shall invite TPWR to attend weekly coordination meetings with the other  
31 Stakeholders. TPWR shall be expected to report on:
  - 32 a) work completed,
  - 33 b) work scheduled the following week and the next two weeks, and
  - 34 c) any long-range work issues requiring TPWR coordination.
- 35 2) The ST Contractor shall coordinate the work with TPWR in accordance with the following  
36 provisions:
  - 37 a) TPWR or its representative shall attend weekly utility coordination meetings with the ST  
38 Contractor conducted by the ST Resident Engineer.
    - 39 i. Schedule and coordination of the work shall be addressed.
    - 40 ii. The ST Resident Engineer shall escalate any issues not resolved at the weekly  
41 coordination meeting to TPWR as provided in this Agreement.

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
Work Order Request #10 – TPU Power Division

- 1 b) TPWR shall obtain City Right of Way permit(s) as required by COT policy prior to the
- 2 start of TPWR's portion of the work.
- 3 c) TPWR shall work in a cooperative manner with the COT and ST to resolve conflicts of its
- 4 facilities with existing and proposed utilities.
- 5 d) TPWR new electrical service work shall be coordinated and performed during the ST
- 6 Contractor's work including standard, extended, and non-standard work hours as
- 7 mutually coordinated between the ST Contractor and TPWR.
- 8 e) TPWR shall obtain exemptions to the City Noise Ordinance if required for TPWR's
- 9 portion of the work.
- 10 f) TPWR shall provide construction survey as needed for TPWR portion of the work.
- 11

12 **Section 2. General Conditions**

- 13 1. Cost Allocation:
- 14 a. Design Costs shall be allocated as an "In-Kind" contribution against the City's share of
- 15 the Project costs as noted in Work Order #4. The City shall not be invoicing ST for this
- 16 work.
- 17 b. Costs of new electrical service work that provide new services to those identified in this
- 18 Work Order agreement are not included as "in-kind" contribution, and shall be paid by
- 19 Sound Transit either directly or through its contractor.
- 20 2. Cost Estimate/Fee Value.
- 21 TPWR estimate for the direct costs, to be paid by ST and/or its Contractor, for the scope of
- 22 new electrical service work set forth in Section 1 of this Work Order is \$400,000.
- 23 3. Reporting
- 24 TPWR, through the City, will provide documentation to ST on a monthly basis for the actual cost of the
- 25 services completed by TPWR, including the ST Invoice template and the TPU SAP report. Supporting data
- 26 including but not limited to copies of original bills, invoices, expense accounts, payroll records/time
- 27 sheets, and miscellaneous supporting data will be retained by TPWR including, but not limited to work
- 28 records, rates, and material and equipment costs, as mutually agreed.
- 29 4. Review/Adjustment. - TPWR shall review the completed scope of work when the direct
- 30 costs of service under this Work Order equal approximately 50% of the TPWR estimate.
- 31 a. In the event that upon such review TPWR determines that the direct costs of service
- 32 under this Work Order are anticipated to exceed the existing TPWR estimate, the COT
- 33 shall submit an updated cost estimate to ST for "Review/Adjustment" and "Approval".
- 34 i. If approved, the revised cost estimate shall be adopted by the Parties'
- 35 designated representatives as an amendment to this Work Order.
- 36 ii. TPWR may, in its sole discretion and upon written notice through the COT,
- 37 suspend work under this Work Order until such time as an adjustment to the
- 38 estimate is approved.
- 39 5. Change Management: - This Work Order request shall be tracked regarding the tasks as
- 40 numbered above. In the event the Work Order request needs to be modified, a new Work
- 41 Order request and its associated cost impact shall be submitted with the changes noted.
- 42 6. Other Provisions: Project changes can be initiated by ST, requested by COT, requested by
- 43 the contractor or requested by a Third Party.

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
Work Order Request #10 – TPU Power Division

- 1 a. ST Initiated changes shall be implemented as a proposed change that may require  
2 TPWR, through the COT, for concurrence if it involves local code or impacts TPWR  
3 facilities.
- 4 b. TPWR proposed changes would be submitted through the COT to ST for their  
5 consideration and reviewed to determine if the proposed change in whole or in part  
6 is a Betterment or not.
  - 7 i. If the change is determined to not be a betterment the related work shall be  
8 included within the new electrical service work costs to ST or its Contractor
  - 9 ii. If the change is determined to be a betterment then the work shall be  
10 funded by TPWR, however shall not be included within New Electrical Service  
11 costs.
- 12 c. Contractor requested changes, affecting TPWR, shall be considered on a case by  
13 case basis and appropriate reviews and acceptances shall be agreed upon by ST,  
14 COT, and TPWR with an acknowledgement as to whether it is covered under this  
15 Work Order.
- 16 7. Avoidable Delay; TPWR shall be responsible for “avoidable delay” costs incurred by ST in the  
17 event the TPWR fails to complete the new service work by the date mutually agreed to  
18 between ST and TPWR and in compliance with the durations noted in the Construction  
19 Constraints.
  - 20 a. ST acknowledges that the primary responsibility of TPWR is to maintain and restore  
21 electrical service to existing customers. In the event TPWR resources are called  
22 away to restore service(s) due to unplanned outage events and/or emergencies,  
23 delays caused by such events to the ST Project shall not be deemed as “avoidable  
24 delay” within this agreement.
  - 25 b. ST acknowledges that scheduled completion of the new electrical service work is  
26 dependent upon all parties completing their identified preceding tasks. TPWR shall  
27 not be held responsible for delay beyond its reasonable control caused by ST, the ST  
28 Contractor, the COT, or other third parties that impact the project.
  - 29
  - 30

Sound Transit Tacoma Link Expansion (TLE) ST2 – City Services Agreement with the City of Tacoma  
Work Order Request #10 – TPU Power Division

1 AGREED:  
2

For City of Tacoma:

For Sound Transit:

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: William Gaines

Printed Name: \_\_\_\_\_

Title: Tacoma Public Utilities Director

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: Chris Robinson

Title: Tacoma Power Superintendent

Date: \_\_\_\_\_

Approved as to Form

By:  \_\_\_\_\_

TPU Legal

Date: 10/12/17

3





## RESOLUTION NO. U-10970

1  
2 A RESOLUTION related to the adoption of ten-year and two-year conservation  
3 targets as required by RCW 19.285.040 and WAC 194-37-070.

4 WHEREAS the Washington State Energy Independence Act ("EIA")  
5 requires the Department of Public Utilities, Light Division (d.b.a. "Tacoma  
6 Power") to take certain actions regarding the acquisition of conservation and  
7 renewable resources, and

8 WHEREAS the EIA requires Tacoma Power to identify its ten-year  
9 achievable cost-effective conservation potential and two-year conservation  
10 target by January 1, 2018, and

11  
12 WHEREAS the ten-year conservation potential must be developed using  
13 methodologies consistent with those of the Northwest Power and Conservation  
14 Council, while the two-year conservation target must, at a minimum, be a pro-  
15 rata share of the ten-year potential, and

16  
17 WHEREAS Tacoma Power has used a methodology allowed under  
18 Department of Commerce regulations that implement the EIA to determine its  
19 ten-year and two-year targets, and

20 WHEREAS Tacoma Power has determined that using a methodology  
21 approved under Department of Commerce regulations WAC 194-37-  
22 070(5)(c)(ii) option, its ten-year (2018/2027) conservation target is 31.7 aMW  
23 and its two-year target is 6.4 aMW for 2018/2019, and  
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WHEREAS the Board has provided public notice and the opportunity to comment on the ten-year and two-year targets as required by WAC 194-37-070, and

WHEREAS Tacoma Power recommends the Board approve the ten-year and two-year targets; Now, therefore, and

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the ten-year conservation target of 31.7 aMW for 2018/2027 and the two-year conservation target of 6.4 aMW for 2018/2019 are hereby approved.

Approved as to form and legality:

*William Fisher*  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date:

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)  
Adopt conservation target as required by regulations implementing the Energy Independence Act.
  
2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)  
Tacoma Power recommends Public Utility Board approval to adopt a 2018-2027 conservation potential of 31.7 aMW and a 2018-2019 conservation target of 6.4 aMW for Tacoma Power. These figures are based on a conservation potential assessment and distribution efficiency studies which meet the methodology requirements identified in Department of Commerce regulations.
  
3. Summarized reason for resolution:  
Department of Commerce regulations implementing the Energy Independence Act require that utilities adopt the ten-year potential and the two-year conservation target by action of the utility's governing board in a public meeting which provides an opportunity for public comment. Adoption of the two-year target sets the standard by which the utility will be judged for compliance with the Act.
  
4. Attachments:
  - a. Memo from Chris Robinson to William A. Gaines dated November \_\_\_\_\_ 2017.
  
5.  Funds available from the 2017-2018 biennium budget.
  
6. Deviations requiring special waivers:

Originated by:



Section Head

Requested by:

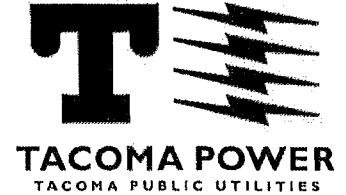


Division Head

Approved:



Director of Utilities



**DATE:** October 16, 2017  
**TO:** William A. Gaines, Director of Utilities/CEO  
**FROM:** Chris Robinson, Superintendent/COO *CR*  
**SUBJECT:** 2018-2019 Conservation Target

**RECOMMENDATION**

Tacoma Power seeks Public Utility Board approval to adopt a 2018/2027 achievable economic conservation potential of 31.7 aMW and a 2018/2019 conservation target of 6.4 aMW.

**BACKGROUND**

The Washington State Energy Independence Act (RCW 19.285.040 and WAC 194-37-070) requires the Department of Public Utilities Light Division (d.b.a. "Tacoma Power") to pursue all cost effective conservation. Department of Commerce regulations implementing the Energy Independence Act (the Act) requires that utilities adopt a ten-year conservation potential and a two-year conservation target by action of the utility's governing board in a public meeting that provides an opportunity for public comment. Adoption of the two-year target sets the standard by which the utility will be judged for compliance with the Act. If Tacoma Power were to fail to achieve the two-year conservation target, the utility would face penalties of \$50 for every MWh short of the target (2007 dollars).

Tacoma Power contracted with Applied Energy Group (AEG) to conduct the conservation potential assessment using service area specific data and current conservation measure savings assumptions.

**SUMMARY**

To identify the ten-year potential and two-year target, Tacoma Power used information from the 2016 Conservation Potential Assessment and the distribution efficiency study within the Integrated Resource Plan. This work found a 2018/2027 achievable economic conservation potential of 31.7 aMW and a 2018/2019 conservation target of 6.4 aMW.

**BUDGET AUTHORIZATION**

The 2018 activity will be funded from the 2017/2018 approved budget.  
The 2019 activity is contingent on approval of the 2019/2020 budget.

We request approval to submit this matter to the Public Utility Board for their consideration.

**APPROVED:**

  
\_\_\_\_\_  
William A. Gaines  
Director of Utilities/CEO



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# RESOLUTION NO. U-10971

A RESOLUTION relating to the approval and adoption of the Tacoma Power 2017 Integrated Resource Plan Update.

WHEREAS Washington State law (Chapter 19.280 RCW) requires the Department of Public Utilities, Light Division (d.b.a. "Tacoma Power"), to prepare and submit an integrated resource plan or update ("2017 IRP") to the State Department of Commerce by September 1, 2018. Tacoma Power has completed an IRP Update for compliance with its 2018 submission, and

WHEREAS the 2017 IRP Update, on file with the Clerk of the Board, incorporates new estimates for retail customer demand, a review of the output of existing energy resources, calculated the amount of available conservation deemed cost-effective, and an update on renewable energy requirements to comply with I-937. An overview of the 2017 IRP Update was presented to the Board on October 25, 2017, and

WHEREAS RCW 19.280.050 requires the governing body of the electric utility to approve such plan after public notice and hearing, and

WHEREAS the Board conducted a public hearing on the plan on November 15, 2017, and

WHEREAS Tacoma Power requests approval and adoption of the 2017 IRP Update by the Board; Now, therefore,

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BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Tacoma Power's 2017 Integrated Resource Plan Update is approved, and the appropriate officers of the City are directed to file such plan with the state of Washington in accordance with Chapter 19.280 RCW.

Approved as to form and legality:

*William Foster*  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15<sup>th</sup>, 2017

**REQUEST FOR RESOLUTION**

Date: October 31<sup>st</sup>, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

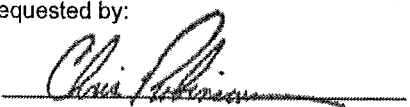
1. Summary title for Utility Board agenda: (not to exceed twenty-five words)  
Adoption of the 2017 Integrated Resource Plan Update as required by state law (RCW 19.280 Electric Resource Plans).
  
2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)  
Tacoma Power recommends Public Utility Board approval to adopt the 2017 Integrated Resource Plan Update. The last resolution related to approval and adoption of the integrated resource plan was Resolution No. U-10836. This 2017 plan incorporates an updated analysis of retail customer demand, output of existing resources, wholesale energy prices, I-937 renewable energy compliance, and the 2018-19 Conservation Potential Assessment.
  
3. Summarized reason for resolution:  
RCW 19.280 requires that utilities meet its system demand with a least cost mix of energy supply resources and conservation. In furtherance of that responsibility, each electric utility must develop an "integrated resource plan". It is the intent of the legislature to encourage the development of new safe, clean, and reliable energy resources to meet demand in Washington for affordable and reliable electricity. To achieve this end, the legislature finds it essential that electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources they plan to use to meet their customers' electricity needs in both the short term and the long term.
  
4. Attachments:
  - a. Memo from Chris Robinson to William A. Gaines dated October 31<sup>st</sup>, 2017.
  
5.  Funds available from the 2017-2018 biennium budget.
  
6. Deviations requiring special waivers:

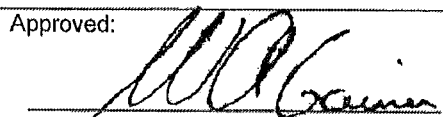
Originated by:

Requested by:

Approved:

\_\_\_\_\_  
Section Head

  
\_\_\_\_\_  
Division Head

  
\_\_\_\_\_  
Director of Utilities



**DATE:** October 27, 2017  
**TO:** William A. Gaines, Director of Utilities/CEO  
**FROM:** Chris Robinson, Superintendent/COO *DJS for CR*  
**SUBJECT:** Adoption of 2017 Integrated Resource Plan Update

### **RECOMMENDATION**

Tacoma Power seeks Public Utility Board adoption of the 2017 Integrated Resource Plan Update. This plan recommends an acquisition of 51.0 average megawatts of energy conservation over a 20-year planning period.

### **BACKGROUND**

The Revised Code of Washington (RCW) 19.280 requires all Washington State electric utilities with more than 25,000 retail customers, including the Department of Public Utilities Light Division (d.b.a. "Tacoma Power"), to develop comprehensive resource plans that explain the mix of generation and demand-side resources they plan to use to meet their customers' electricity needs in both the short term and the long term. In addition, this information obtained from integrated resource planning will be used to assist in identifying and developing: (1) new energy generation; (2) conservation and efficiency resources; (3) methods, commercially available technologies, and facilities for integrating renewable resources, including addressing any over generation event; and (4) related resources and infrastructure needed to meet the state's renewable energy requirements.

### **SUMMARY**


Tacoma Power modeled Western US and Tacoma Power electric loads and resource characteristics using the systems modeling tool PLEXOS. Tacoma Power conducted and sought customer involvement through regular public meetings throughout the planning process. The most significant finding of the 2017 Integrated Resource Plan Update is that acquisition of all cost-effective conservation resources is the least cost, least risk alternative for meeting forecasted retail load over the planning horizon.

### **BUDGET AUTHORIZATION**

No funding request is included in the request for Public Utility Board adoption of the 2017 IRP Update. Funding for 2018 conservation activity will leverage funds approved for the 2017/2018 biennium. Funding for 2019 conservation activity is contingent on approval of the 2018/2019 budget.

We request approval to submit this matter to the Public Utility Board for their consideration.

### **APPROVED:**

  
\_\_\_\_\_  
William A. Gaines  
Director of Utilities/CEO





## RESOLUTION NO. U-10972

1  
2 A RESOLUTION relating to the amendment of the Interconnection and  
3 Wheeling Agreement between Tacoma Power and Grays Harbor County  
4 PUD No. 1; and authorization for the reimbursement of a back-up power  
5 transformer.

6 WHEREAS the Department of Public Utilities, Light Division (d.b.a.  
7 "Tacoma Power"), entered into an Interconnection and Wheeling Agreement  
8 ("Agreement") with Public Utility District No. 1 of Grays Harbor County ("Grays  
9 Harbor PUD") in September 1993, by Utility Board Resolution U-8895, and

10 WHEREAS this Agreement provides for wheeling of Wynoochee Project  
11 power over Grays Harbor PUD's electric system, payment to the Grays Harbor  
12 PUD for interconnection facilities, procedures for operation of the PUD's  
13 transmission system, and payment for specified services and upgrades, and

14 WHEREAS, in order to accept power from the Wynoochee Project, Grays  
15 Harbor PUD was required to upgrade its Promised Land Substation, and the  
16 Agreement required the City of Tacoma to pay or reimburse Grays Harbor PUD  
17 100% of the capital costs for the substation equipment upgrade, and

18 WHEREAS there is no back-up for a power transformer at the Promised  
19 Land Substation and, should the current transformer suffer damage, it could take  
20 up to a year to build a replacement and would result in significant costs for  
21 Tacoma Power to replace the lost Wynoochee Project power, and

22 WHEREAS Grays Harbor is aware of a potential used back-up  
23 transformer that has significant savings over building a new one; however, the  
24 Agreement does not provide for a back-up transformer, and  
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WHEREAS Tacoma Power has proposed an amendment to the Agreement to provide for a back-up transformer at the Promised Land Substation and seeks authorization to reimburse Grays Harbor PUD in the amount of \$221,000, for the cost of the back-up transformer; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That Tacoma Power's request to reimburse Public Utility District No. 1 of Grays Harbor County for a back-up power transformer in an amount not to exceed \$221,000 is approved, and its request to execute an amendment, as described in the background materials on file with the Clerk of the Board, to provide for a back-up power transformer to the Interconnection and Wheeling Agreement between the City of Tacoma and Public Utility District No. 1 of Grays Harbor County is approved, and the proper officers of the City are authorized to execute any required contract amendment to be developed and approved by the City Attorney.

Approved as to form and legality:

*William Foster*

Chief Deputy City Attorney

Clerk

Chair

Secretary

Adopted

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date: November 6, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Amend the Interconnection and Wheeling Agreement between Tacoma Power and Grays Harbor County PUD No. 1 and authorize reimbursement to Grays Harbor PUD No. 1 for the purchase price of a backup power transformer.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

(1) Approve an amendment, to the Interconnection and Wheeling Agreement between the City of Tacoma and Public Utility District No. 1 of Grays Harbor County. The Amendment, to be developed and approved by the City Attorney, shall provide that Tacoma Power will pay Grays Harbor PUD's capital costs for a backup 69 kV – 19.9/34.5 kV power transformer for Grays Harbor PUD's Promised Land Substation.

(2) Authorize Tacoma Power to reimburse Grays Harbor PUD \$221,000 (see price quote attachment) for the purchase price of the described power transformer. Grays Harbor conducted a national search for the spare transformer before deciding on Transformer Network, Inc.

3. Summarized reason for resolution:

The 1993, "Interconnection and Wheeling Agreement between the City of Tacoma and Public Utility District No. 1 of Grays Harbor County" (the Agreement) provides for wheeling of Wynoochee Project power over Grays Harbor PUD's electric system, payment to the Grays Harbor PUD for interconnection facilities, procedures for operation of the PUD's transmission system, and payment for specified services and system upgrades. Further, in order to accept power from the Wynoochee Project, Grays Harbor PUD was required to upgrade its Promised Land Substation. The Agreement required Tacoma to pay or reimburse the PUD 100% of the capital costs for the substation equipment upgrade.

The Promised Land Substation is equipped with a 69x115 kV – 19.9/34.5 kV power transformer. Prudent utility practice directs that the substation be supplied with a backup for this transformer. If it were to suffer damage or experience a failure, it could take up to a year to build a replacement. The substation would be offline the entire time. A backup transformer is needed since the Promised Land substation has no other back-up transformer. Grays Harbor PUD is aware of a potential backup transformer that is no longer needed by another utility, which could be purchased at a significant savings compared with building a new transformer.

In September 2017, staff performed a risk cost analysis for the incumbent transformer. After adjusting for probability of failure the cumulative annual cost of failure has a present value of risk cost at \$1,174,421.00. This finding is five times more than the quoted price of a replacement used transformer.

The 1993 Agreement does not expressly provide for such a backup transformer. Tacoma Power desires to amend the Agreement to provide for the City to pay for the backup power transformer and seeks Board authorization to reimburse Grays Harbor PUD for the cost of the backup transformer per the terms of the amended Agreement.

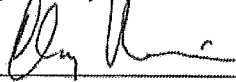
4. Attachments:

- a. Director's Memo
- b. Aerial Photo
- c. Purchase and Sale Agreement
- d. CAM Request to set Public Hearing
- e. Declaration of Surplus Property

5.  Funds available       Proposed action has no budgetary impact

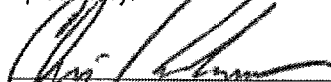
6. Deviations requiring special waivers:

Originated by:



Clay Norris, Power Manager

Requested by:



Chris Robinson, Power Superintendent

Approved:



William A. Gaines, Director of Utilities / CEO



**DATE:** November 6, 2017  
**TO:** William Gaines, Director of Utilities / CEO  
**FROM:** Chris Robinson, Power Superintendent *CR*  
**SUBJECT:** Amendment Interconnection and Wheeling Agreement

Recommendation

Tacoma Power recommends:

- (1) That the Public Utility Board approve an amendment, to the Interconnection and Wheeling Agreement between the City of Tacoma and Public Utility District No. 1 of Grays Harbor County. The Amendment, to be developed and approved by the City Attorney, shall provide that Tacoma Power will pay Grays Harbor PUD's capital costs for a backup 69 kV – 19.9/34.5 kV power transformer for Grays Harbor PUD's Promised Land Substation.
- (2) That the Public Utility Board authorize Tacoma Power to reimburse Grays Harbor PUD \$221,000 (see price quote attachment) for the purchase price of the described power transformer. Grays Harbor conducted a national search for the spare transformer before deciding on Transformer Network, Inc.

Explanation

In 1993, as Tacoma Power's Wynoochee Hydroelectric Project (Wynoochee Project) neared completion, Tacoma Power needed to find a way to wheel power across Grays Harbor PUD's electric system to an interconnection with BPA. Further, certain portions of Grays Harbor PUD's electrical system needed to be upgraded to handle Tacoma Power's additional electricity. To accomplish this, the Board, via Resolution U-8895, authorized the Director to execute the "Interconnection and Wheeling Agreement between the City of Tacoma and Public Utility District No. 1 of Grays Harbor County" (the Agreement). This Agreement provided for wheeling of Wynoochee Project power, payment to the PUD for interconnection facilities, procedures for operation of the PUD's transmission system, and payment for specified services and system upgrades. Further, in order to accept power from the Wynoochee Project, Grays Harbor PUD was required to upgrade its Promised Land Substation. The Agreement listed equipment Grays Harbor PUD would need to purchase to upgrade its system in order to handle the electricity from Tacoma Power's Wynoochee Project. The Agreement required Tacoma

to pay or reimburse the PUD 100% of the capital costs for the substation equipment upgrade.

The Promised Land Substation is equipped with a 69x115 kV – 19.9/34.5 kV power transformer. Prudent utility practice directs that the substation be supplied with a backup for this transformer. While a recent inspection determined that the transformer is in good shape and likely has several years of service ahead of it, it is a unique and difficult to replace piece of equipment. If it were to suffer damage or experience a failure, it could take up to a year to build a replacement. The substation would be offline the entire time. Such an outage could result in a loss of approximately \$2.7 million dollars per year (\$1.7 million in BPA billing credits and \$1.0 million in replacement power). A backup transformer is needed since the Promised Land substation has no other back-up transformer. Grays Harbor PUD is aware of a potential backup transformer that is no longer needed by another utility, which could be purchased at a significant savings compared with building a new transformer.

In September 2017, staff performed a risk cost analysis for the incumbent transformer. After adjusting for probability of failure the cumulative annual cost of failure has a present value of risk cost at \$1,174,421.00. This finding is five times more than the quoted price of a replacement used transformer.

The 1993 Agreement does not expressly provide for such a backup transformer. Tacoma Power desires to amend the Agreement to provide for the City to pay for the backup power transformer and seeks Board authorization to reimburse Grays Harbor PUD for the cost of the backup transformer per the terms of the amended Agreement.

Cc:

Todd Lloyd, Assistant Power Section Manager  
Michael Smith, Deputy City Attorney  
Mike Allen, Power Supervisor III  
Bill Dickens, Senior Utilities Economist

# GRAYSHARBOR PUD

Electricity and Energy Services

P.O. Box 480, 2720 Sumner Ave. Aberdeen, WA 98520-0109  
Phone: (206) 532-4220 FAX: (206) 532-6085

September 22, 1993

Mr. Dwayne C. Simons  
~~Power Analyst~~  
Tacoma Public Utilities  
P. O. Box 11007  
Tacoma, Washington 98411-0007

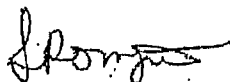
SUBJECT: Interconnection and Wheeling Agreement Between  
The City of Tacoma and Public Utility District  
No. 1 of Grays Harbor County

Dear Mr. Simons:

Enclosed please find a fully executed copy of the above Agreement, together with a copy of Resolution No. 2930, which authorizes the signing of the Agreement.

If you have any questions or I may be of any further assistance, please do not hesitate to contact me.

Sincerely,



Stephen W. Romjue  
General Manager

jj

Enclosure

cc: Don Swinhart  
Seppo Tuominen  
Don McMaster



**RESOLUTION NO. U-8895**

1 WHEREAS the City of Tacoma, Department of Public Utilities, Light  
2 Division's Wynoochee Hydroelectric Project is nearing completion and will begin  
3 commercial operation in the near future, and

4 WHEREAS a proposed Interconnection and Wheeling Agreement between  
5 the City of Tacoma and Public Utility District No. 1 of Grays Harbor has been negotiated,  
6 which agreement provides for terms and conditions for transmission services provided by  
7 Grays Harbor County PUD, and funds are budgeted and available for said purpose, as  
8 further explained in the Light Division Superintendent's memorandum to the Director of  
9 Utilities dated August 27, 1993, and is on file with the Clerk of the Board, and

10 WHEREAS it is in the best interest of the City of Tacoma to enter into said  
11 Interconnection and Wheeling Agreement with Public Utility District No. 1 of Grays  
12 Harbor County; Now, therefore,

13 **BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:**

14 That said proposed agreement is approved and the Director of Utilities is  
15 authorized to execute the Interconnection and Wheeling Agreement between the City of  
16 Tacoma and Public Utility District No. 1 of Grays Harbor County concerning the  
17 Wynoochee Hydroelectric Project substantially in the form as approved by the City  
18 Attorney, a copy of which is on file with the Clerk of the Board.

19	Approved as to form & legality:	Bil Moss
20		_____ Chairman
21	Mark Bubenik	
22	_____ Chief Assistant City Attorney	Carl W. Virgil
23		_____ Secretary
24	Lydia Stevenson	Adopted September 8, 1993
25	_____ Clerk	_____

25 Rwynoochee

26

27

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

September 8, 1993

**REQUEST FOR RESOLUTION**

Date August 27, 1993

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

WYNOOCHEE PROJECT TRANSMISSION AGREEMENT

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Authorize execution of a transmission services agreement between Grays Harbor Public Utility District No. 1 and Tacoma for the transfer of Wynoochee Project power.

3. Summarized reason for resolution:

The Wynoochee Project is located in the District's service territory and requires transfer across the District's transmission system to the District's point of interconnection with BPA in Aberdeen. The agreement provides for terms and conditions for transmission services provided by the District.

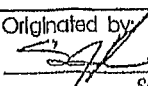
4. Attachments:

- a. Memo, Steven J. Klein to Mark Crisson, dated August 27, 1993  
b. INTERCONNECTION AND WHEELING AGREEMENT BETWEEN THE CITY OF TACOMA AND  
PUBLIC UTILITY DISTRICT NO. 1 OF GRAYS HARBOR COUNTY (on file with the Clerk)  
x  
x  
x  
x

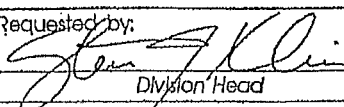
5.  Funds available  Proposed action has no budgetary impact

6. Deviations requiring special waivers:  None

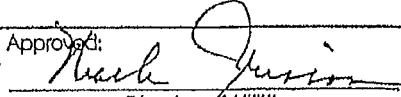
Originated by:

  
Section Head

Requested by:

  
Division Head


Approved:

  
Director of Utilities





## MEMORANDUM

DATE: August 27, 1993  
TO: Mark Crisson, Director of Utilities  
FROM: Steven J. Klein, Deputy Director, Light Superintendent   
SUBJECT: Request for Authorization to Execute the Wynoochee Transmission Agreement

### RECOMMENDATION

The Light Division requests Public Utility Board authorization to execute an Interconnection and Wheeling Agreement between the City of Tacoma and Public Utility District No. 1 of Grays Harbor County (District). This Agreement provides for terms and conditions for transmission services provided by the District.

### BACKGROUND

The Wynoochee Hydroelectric Project is nearing completion and is expected to begin commercial operation in the next several months. In order to transmit project power to Tacoma's system, it is necessary to wheel power across the District's system to its interconnection with the Bonneville Power Administration (BPA) system in Aberdeen. From Aberdeen power will be transferred across BPA's system to Tacoma. This Agreement will provide for wheeling across the District's system, and our current FPT network transmission contract with BPA will be modified to include Wynoochee wheeling across BPA's system to Tacoma.

This Agreement provides for wheeling of Wynoochee Project power for the term of the Federal Energy Regulatory Commission (FERC) license (and any license renewals) at a cost based rate which is credited for the benefit the District receives from replacement of the existing underground cable. The contract further details payment for interconnection facilities, procedures for notification and operation of the transmission system, and payment for services.

In order to interconnect and transmit Wynoochee Project power it was necessary to replace the District's underground transmission system between the Promised Land Substation and the Wynoochee Dam and upgrade the District's Promised Land Substation. This required replacing the existing 22 mile long underground cable with a larger cable and replacing the transformer and related equipment at the Promised Land Substation. From the Promised Land Substation, power is transferred across 26 miles of the District's overhead transmission system to the District's point of interconnection with BPA. Improvements to the District's overhead transmission system were not required to permit wheeling of Wynoochee Project power.

Under the Agreement, Tacoma pays for most of the upgrade costs. The District contributes to construction costs through reduced wheeling charges for the first 35 years of the contract. The benefit received by the District from replacement of the existing underground cable, which was nearing the end of its useful life, was determined as the present value of replacement of the existing cable with similar equipment in the year 2002. The year 2002 was used because it was estimated to be the end of the useful life of the existing underground cable. The present value of the cost to replace the existing system in 2002 in 1993 dollars is \$625,764. This amount was amortized over 35 years at the same interest rate incurred during financing construction of the Wynoochee Project. The amount paid by Tacoma for wheeling each year is reduced by the amortized value of the future replacement cost (\$45,720). Essentially, the District contributes to the cost of upgrading the underground system through reduced wheeling charges.

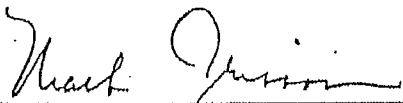
The rate paid by Tacoma for wheeling is composed of two basic charges, one for the underground system and one for the overhead transmission system. The charge for the underground system is one-half of the actual operations and maintenance costs incurred for the underground system. The charge for the overhead system is based on the District's embedded cost of its transmission system prorated for the length of transmission lines used to transfer Wynoochee Project power.

#### SUMMARY

The best interests of the City of Tacoma would be served by the execution of this Agreement. The Agreement is necessary in order to transfer Wynoochee Project power to Tacoma's system. The rates charged by the District for transmission services are cost based and are fair and reasonable for this type of service.

We request your approval to submit this matter to the Public Utility Board for its consideration.

APPROVED



Mark Crisson  
Director of Utilities

RESOLUTION NO. 2930

A RESOLUTION APPROVING CITY OF TACOMA-DISTRICT  
WYNOOCHE WHEELING AGREEMENT.

BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY  
DISTRICT NO. 1 OF GRAYS HARBOR COUNTY, WASHINGTON:

That the agreement between the City of Tacoma and Public  
Utility District No. 1 of Grays Harbor, providing for the transfer  
of power generated by the Wynooche Project to the City's electric  
utility system, be approved and General Manager Steve Romjue  
authorized to sign this wheeling agreement.

PASSED AND APPROVED this 21st day of September, 1993.

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

INTERCONNECTION AND WHEELING AGREEMENT  
BETWEEN THE CITY OF TACOMA AND  
PUBLIC UTILITY DISTRICT NO. 1 OF GRAYS HARBOR COUNTY

This Agreement, executed on this 21st day of September, 1993, by the City of Tacoma ("City") and the Public Utility District No. 1 of Grays Harbor County, Washington ("District"), municipal corporations of the State of Washington, sometimes hereafter referred to collectively as "Parties" or individually as a "Party,"

WITNESSETH:

Whereas, the City holds a license from the Federal Energy Regulatory Commission (FERC) to construct and operate a hydroelectric generating facility at the Wynoochee Dam in Grays Harbor, Washington, commonly known as the Wynoochee Project ("Project or Wynoochee Project"), and

Whereas, the City expects to commence commercial operation of the Project no later than September 1, 1993 and

Whereas, the District currently supplies power to the Wynoochee Dam and is interconnected to the Bonneville Power Administration (BPA) transmission system; and

Whereas, the City intends to transfer power generated by the Wynoochee Project across BPA's transmission system to the City's electric utility system; and

Whereas, the District's underground transmission system supplying power to the Wynoochee Dam is 22 years old and nearing the end of its useful life, and will require replacement in the near future; and

Whereas, the Parties have determined that the most efficient and cost-effective manner of integrating the power production of the Project is to upgrade the Wynoochee Dam transmission facilities to receive the output of the Project;

Now, therefore, the Parties agree as follows:

#### Section 1. Definitions.

Whenever used in this Agreement with initial letters capitalized, the following terms shall have the following meanings:

1.1 "Capital Costs" means the City's share of the actual capital costs incurred by the District during a calendar month for replacement, additions or betterments to the transmission facilities from the Wynoochee Project Switchyard to the Promised Land Substation needed to transmit power generated at the Wynoochee Project, and other related equipment as set forth in Section 3. The calculation of Capital Costs is described in Exhibit B. Capital Costs do not include capital costs for the District's equipment required to serve its current customers or any new customers which may be connected to the Underground System.

1.2 "Interconnection Facilities" means those facilities installed by the Parties to connect the City's Wynoochee Project Switchyard to the District's underground transmission line, as set forth in Section 3.

1.3 "Monthly Charge" means the amount of monthly wheeling charges as calculated in Section 6 (an example is included in Exhibit D).

1.4 "Operations and Maintenance (O&M) Costs" means one-half of the actual expenses incurred by the District during a calendar month to operate and maintain, as required, transmission facilities from the Wynoochee Project Switchyard to the Promised Land Substation needed to transmit power generated at the Wynoochee Project, and other related equipment as set forth in Section 3. The calculation of O&M Costs is

described in Exhibit B. O&M Costs do not include operations and maintenance costs for the District's equipment required to serve its current customers or any new customers at the Wynoochee Dam or connected to the Underground System.

1.5 "Operating Year" means any consecutive twelve (12) month period during the term which commences at 2400 hours, July 31 and ends at 2400 hours the following July 31.

1.6 "Overhead Charge" means the amount charged for use of the District's overhead transmission system from the Promised Land Substation to the Aberdeen Substation as calculated in Exhibit A.

1.7 "Point of Interconnection" means the point where the District's transmission facilities connect with the City's Load Disconnect Switch within the City's Wynoochee Project Switchyard.

1.8 "Point of Delivery" means the point where the District's transmission system interconnects with BPA's transmission system at the District's Aberdeen Substation.

1.9 "Project" means the Wynoochee Dam Hydroelectric Project and appurtenant facilities located on the Wynoochee River in Grays Harbor County, Washington, and operated by the City pursuant to FERC License No. 6842.

1.10 "Project Operating Date" means the date when construction of the Project is substantially completed, and the Project is ready to commence operational testing.

1.11 "Prudent Utility Practices" means any of the design, construction, operational, maintenance, repair and replacement practices, methods, and acts which:

(a) are engaged in or approved by a majority of the electric industry immediately prior to the time the standard of Prudent Utility Practices is applied; or

(b) in the exercise of reasonable judgment in light of the facts known at the time the standard of Prudent Utility Practices is applied, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition.

1.12 "Replacement Benefit" means the present value of the replacement cost that the District would have paid for replacement of the existing underground cable amortized over the the expected cable life of 35 years at the City's interest rate experienced for revenue bond financing. A calculation of the Replacement Benefit is included in Exhibit C.

1.13 "Switchyard" means the switchyard located adjacent to the Wynoochee Project powerhouse which is used to transfer electric power generated at the Wynoochee Project to the District's underground transmission system.

1.14 "Uncontrollable Force" means an act or event beyond the reasonable control of a Party, and which by exercise of due diligence and foresight such Party could not reasonably have been expected to avoid or remove, which impairs the ability of the Party to perform, and includes, but is not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, accident, fire, lightning, and other natural catastrophes, epidemic, war, labor or material shortage, strike or labor dispute, or sabotage, and also includes restraint by an order of a court of competent jurisdiction or by regulatory authorities against any action taken or not taken by a Party, after a good faith effort by the appropriate Party to obtain: (i) relief from such order; or (ii) any necessary authorizations or approvals from any governmental agency or regulatory authority.

1.15 "Underground Charge" means the sum of the Operations and Maintenance Costs and the Capital Costs as determined in Exhibit B for the underground transmission system from the Switchyard to the Promised Land Substation as described in Exhibit B.

1.16 "Underground System" means the underground transmission facilities and related equipment from the Point of Interconnection to the Promised Land Substation used to transfer Project power.

**Section 2. Term.**

2.1 The Agreement shall take effect on the date the Agreement is executed by both of the Parties.

2.2 The Agreement shall expire at the end of the term of the FERC license for the Project or any extension or renewal of said FERC license.

2.3 Any obligations incurred pursuant to this Agreement shall continue until satisfied.

**Section 3. Interconnection of the Project:**

3.1 The Parties agree to the following plan for the interconnection of the Project transmission with the District's transmission system.

3.2 The City will design and construct for the District the upgraded underground transmission system from the Point of Interconnection at the Switchyard to the District's Promised Land Substation. The City will design and construct and the District will own, operate and maintain the following:

3.2.1 Replacement of the existing 22 year old underground cable along Donkey Creek Road from the Wynoochee Project Switchyard to the District's Promised Land Substation with direct-bury 35 kV cable.

3.2.2 Modification of the District's Promised Land Substation to accept power from the Wynoochee Project transmitted at a nominal 35 kV.

3.2.3 Installation of switch cabinets, transformer banks and related equipment necessary to maintain service to existing load served by the present underground line.



3.3 The City will design, construct, operate, maintain, and own all equipment at the Wynoochee Project Switchyard required to connect and transmit power generated at the project to the District's 35 kV transmission system.

3.4 The City shall submit to the District for review and comment all plans for the construction and installation of all Interconnection Facilities to be designed, furnished, and installed by the City, pursuant to paragraph 3.2. The District may request additional documentation from the City as may be reasonably necessary to review and comment on plans submitted by the City. The District shall act promptly to review, and if necessary, comment upon plans submitted by the City. If the City has not received written comments within thirty (30) days of the date the plans were mailed to the District, the plans so submitted shall be deemed to be accepted by the District.

3.5 The City shall be responsible for coordinating the timing of the activities necessary to implement the interconnection plan, consistent with the Project Operating Date.

3.6 The City hereby grants to the District a permit for the Term of this Agreement to certain real property located in and adjacent to the Wynoochee Project Switchyard, for the installation, operation and maintenance of facilities and equipment which the City is required to install pursuant to paragraph 3.2.

3.7 The City hereby grants to the District, and its contractors and agents, for the Term of this Agreement access at all times to the Wynoochee Project Switchyard and adjacent Project property for operation, maintenance, repair and testing of the interconnection facilities owned by the District, and for such other purposes as may be necessary to facilitate the purposes of this Agreement.

#### Section 4. Payment for Interconnection of the Project.

4.1 The City agrees to pay the cost for replacement and upgrading of the District's Wynoochee Dam transmission system in consideration for transmission of Project power to the BPA transmission system.

4.2 The City shall pay for all costs it incurs to interconnect the Project with the District's transmission system.

4.3 The City will pay for all costs incurred by the District to install or modify existing equipment required to serve its existing customers at or near the Wynoochee Dam, or those customers served by the Underground System along the Donkey Creek Road due to the upgrade of the underground transmission system.

4.4 The City shall pay for all costs incurred by the District to upgrade the Donkey Creek underground cable with a 35 kV cable run.

4.5 The City shall pay for all costs incurred by the District to upgrade its Promised Land Substation to accept power from the Project at 35 kV delivery voltage.

4.1.6 When the upgrade of the Underground System has been completed to the satisfaction of the City, the City shall notify the District in writing of completion of construction. The District shall then have 30 days to notify the City in writing of any deficiencies or work remaining to be completed. All costs incurred after completion of construction will be a wheeling charge as specified in Section 6.

#### Section 5. Transmission Services.

5.1 During the Term, the City will deliver to the District at the Point of Interconnection the entire amount of electric power generated by the Project, less amounts used for station service.

5.2 During the Term of this Agreement, the District will accept the electric power delivered to it by the City at the Point of Interconnection, and transfer the electric power so delivered, less transmission losses as described in Section 7, over its facilities to the District's Point of Delivery with BPA at the Aberdeen Substation.

#### Section 6. Payment for Transmission Services.

6.1 Two months prior to the beginning of each Operating Year, the District shall provide the City with a calculation of the Overhead Charge for the cost of

wheeling as described in this Section 6. The City will then have 30 days to review, approve, and notify the District of its concurrence with the calculation. Should the Parties disagree, the Parties shall meet as soon as practicable to resolve differences. Should agreement not be reached by the billing date of the first payment due in the succeeding Operating Year, the District shall use the Overhead Charge calculated for the previous Operating Year until all disputes are resolved. Once agreement has been reached, billings shall be adjusted retroactively to the beginning of the Operating Year.

6.2 The District recognizes that it receives substantial benefit from replacement of the underground cable serving Wynoochee Dam. The existing cable is reaching the end of its useful life. Further, the replacement of used substation equipment and other equipment related to the upgrade of the underground transmission system with new equipment, and installation of additional features such as communications, relay and control equipment which improves the operation and reliability of the District's transmission system is also an additional benefit to the District.

6.3 To recognize the Replacement Benefit received by the District from the replacement of the underground cable and related equipment the Parties agree that the Monthly Charge (or the City's costs for transmission of Project power from Wynoochee Dam to the District's interconnection point with BPA at the District's Aberdeen Substation) shall be one-twelfth the Overhead Charge plus the Underground Charge minus one-twelfth the Replacement Benefit.

6.4 The Replacement Benefit shall be the amount of savings experienced by the District from replacement of the underground cable. The Parties agree that the replacement of the existing underground cable will likely occur within 32 years of the cable's life or 2002. Replacement cost for this cable is agreed to be \$870,000 in 1993 dollars. The Replacement Benefit shall be the present value of the replacement cost that

the District would have paid for replacement of the existing underground cable amortized over the expected 35 year life of the new underground cable at an agreed upon interest rate of six and one-half percent (6.5%). A calculation of the Replacement Benefit is included in Exhibit C. An example of the calculation of the Monthly Charge is included in Exhibit D.

6.5 The City shall not be responsible for any operation and maintenance costs for the District's equipment required to serve its customers at the Winochee Dam or any customer served by the underground transmission system.

#### Section 7. Losses.

The District shall be compensated for losses incurred from transmission of Project power by reducing the amount of power delivered to the Point of Delivery by the loss factor specified in Exhibit E. The Parties shall review and revise, if appropriate, Exhibit E at least every five years, or any time significant changes have been made in the transmission system used to transmit Project power.

#### Section 8. Maintenance and Operation.

8.1 No later than January 1 of each year during the Term, the City will provide the District with a schedule of the planned maintenance outages for the Project for the next Operating Year.

8.2 The District will make a good faith effort to schedule maintenance outages for its transmission system to coincide with maintenance schedule for the Project to minimize lost generation at the Project. No later than March 1 of each year during the Term, the District shall provide the City with a schedule of the planned maintenance outages for the transmission system for the next Operating Year.

8.3 Should the schedule of planned maintenance outages change during the Operating Year or should the Project experience forced outages for maintenance, the City will notify the District of such changes and outages as soon as practicable.

8.4 The District shall promptly notify the City of any changes in the planned maintenance schedule for the transmission system or of any system disruptions that will prevent or reduce the District's ability to transmit Project power to the BPA transmission system.

8.5 Prior to the Project Operating Date, the Parties shall develop procedures for operation of the underground transmission system. These procedures shall include procedures for communication between the District's dispatching center and the City's dispatching center, procedures for notification of changes in Wynoochee Project operation that may impact the District's transmission system, procedures for notification of changes in the District's transmission system operation that may impact the Wynoochee Project, and procedures for notification in case of emergencies.

#### Section 9. Billing and Payment.

9.1 For costs incurred for integration of the Project pursuant to Section 6, the City shall pay the District each month during construction of the Interconnection Facilities an amount equal to the actual costs incurred by the District during the previous month. Payment shall be due to the District not later than 25 days from the date of the bill.

9.2 For the transmission service provided by the District, the District shall bill the City each month and the City shall pay the District each month the Monthly Charge established pursuant to Section 6. Payment shall be due to the District not later than twenty-five (25) days from the date of the bill. The District, upon request by the City, shall provide the City with all documentation and data necessary to verify the accuracy of any bill.

9.3 Payments not received when due shall bear an additional charge, commencing ten (10) days after the payment due date, of one-thirtieth percent (0.033%)

of the amount remaining unpaid, which additional charge shall be added on each succeeding day until the entire amount, including the additional charge, is paid in full.

9.4 Failure to receive any statement shall not release a Party from liability for payment.

9.5 Payments due for amounts payable under this Agreement shall be made either by check or by electronic funds transfer to a financial institution designated by each of the Parties.

9.6 In the event that a Party disputes a statement, the Party disputing the statement shall pay the statement under protest. The Parties shall in good faith attempt to resolve such dispute by consultation. Any subsequent adjustment to such statement resulting from consultation by the parties or arbitration shall include interest from the date payment was made. The Parties may challenge statements and seek adjustments anytime within two (2) years after the date the statement is issued, and shall thereafter be foreclosed from seeking adjustment.

#### Section 10. Resolution of Disputes.

10.1 The Parties shall make a good faith effort to implement this Agreement in a manner which is acceptable to both Parties. If the Parties should disagree over any matter arising out of this Agreement, the Parties shall endeavor to resolve such disagreement through informal consultation.

10.2 The Parties agree to submit to binding arbitration all issues, disputes and controversies arising out of this Agreement which cannot be otherwise resolved by consultations between the Parties.

10.3 All arbitration proceedings under this Agreement shall be conducted as follows:

10.3.1 The Party which believes that agreement by the Parties on any issue, dispute or controversy regarding this Agreement is unlikely may invoke binding

arbitration by sending written notification to the other Party stating that it is invoking binding arbitration, and stating the issues to be resolved.

10.3.2 The Party receiving notice of arbitration shall have thirty (30) days from the date of the notice of arbitration to notify in writing the Party invoking arbitration of any additional issues that remain unsolved and warrant arbitration.

10.3.3 The Parties shall have thirty (30) days from the date the initial notice of arbitration is mailed to mutually agree upon an arbitrator.

10.3.4 If the Parties are unable to mutually agree on an arbitrator, then no later than forty-five (45) days after the date of notice of arbitration, each Party shall by written notification to the other party designate a representative.

10.3.5 No later than sixty (60) days after the date of notice of arbitration, the Parties' representatives shall send to the Parties written notice stating the arbitrator the representatives have mutually selected to conduct the proceeding.

10.3.6 If the Parties' representatives are unable to mutually agree on an arbitrator, either Party may petition the Chief Judge of the U. S. District Court for the Western District of Washington to appoint an arbitrator.

10.3.7 No later than twenty (20) days after the appointment of the arbitrator, however appointed, each Party shall submit to the arbitrator in writing the proposal it recommends to resolve each of the issues that are the subject of the arbitration. These written proposals shall be accompanied by a written submittal, not exceeding fifty pages (not including exhibits) stating the rationale for the Party's proposed resolution. If requested, the arbitrator may permit the submittals to exceed fifty pages for good cause shown.

10.3.8 The arbitrator shall decide the issues subject to arbitration based on the written submittals only, unless the arbitrator decides that a hearing to receive oral

testimony is necessary. The Parties are entitled to discovery to the same extent as permitted by the Civil Rules of Procedure for the Superior Court in the State of Washinton.

10.3.9 The conduct of any hearing to receive oral testimony is left to the sole discretion of the arbitrator, subject to the right of both Parties to have representatives present at any hearing. If oral testimony is permitted the opposing Party shall be entitled to cross examine the witness.

10.3.10 No later than thirty (30) days after the written submittals by the Parties, the arbitrator shall issue a written opinion deciding each of the issues submitted for arbitration.

10.4 The arbitrator selected or appointed under this paragraph 9 shall be an engineer licensed in the State of Washington with at least fifteen (15) years hydroelectric project and transmission experience.

10.5 When resolving issues submitted for arbitration, the arbitrator shall choose the proposed resolution for any disputed issue which most completely conforms with Prudent Utility Practices. The cost for the arbitration shall be paid by the Party that is substantially unsuccessful in the arbitration as determined by the Arbitrator. If no party is substantially unsuccessful, the Arbitrator's costs shall be shared equally by the Parties. The arbitration award is subject to the limited grounds for appeal as set forth in Chapter 7.04 RCW.

#### Section 11. Notice.

11.1 Any notice, demand; approval, proposal, consent, direction or request provided for in this Agreement shall be effective from the date mailed or transmitted by facsimile or other means, and shall be directed as follows:



If to the District:      Manager  
Public Utility District No. 1  
of Grays Harbor County  
Post Office Box 480  
Aberdeen, Washington 98520

If to the City:        Power Manager  
Tacoma Public Utilities  
Post Office Box 11007  
Tacoma, Washington 98411

11.2   Either Party may change its recipient of notice at any time by designating a new recipient by letter delivered to the other Party.

**Section 12. Uncontrollable Force.**

12.1   Any obligation of a Party to perform under this Agreement shall be excused when failure to perform such obligations is due to an Uncontrollable Force. In the event that either Party is unable to perform due to an Uncontrollable Force, such Party shall exercise due diligence to remove such inability with reasonable dispatch. Nothing in this section shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

12.2   Each Party shall notify the other as soon as practicable of any Uncontrollable Force which may impair performance under this Agreement. Failure to give such notice within a reasonable period shall be deemed a waiver of such Uncontrollable Force.

**Section 13. Hold Harmless.**

13.1   The District shall defend, indemnify and hold the City harmless from all claims, damages, losses, liability, and expenses arising from the negligent or other tortious acts or omissions of the District, its employees, agents, or contractors arising under this Agreement.

13.2   The City shall indemnify and hold the District harmless from all claims, damages, losses, liability, and expenses arising from the negligent or other tortious

acts or omissions of the City, its employees, agents or contractors arising under this Agreement

**Section 14. Assignment.**

14.1 Each Party agrees that it shall not sell, assign or transfer its interests, rights or obligations under this Agreement except as follows:

14.1.1 To any trustee, bank or secured party as security for bonds, letters of credit or other indebtedness; and such trustee, bank or secured party may realize on such security by suitable action, and succeed to all right, title, and interest of such Party under this Agreement.

14.1.2 To any corporation or other entity with the written consent of the other Party, which consent shall not be unreasonably withheld,

14.2 In the event of any such assignment or transfer, the Party making the assignment shall provide the other Party with notice of the assignment or transfer, together with a true copy of the instrument of assignment or transfer not less than ten (10) days prior to the intended date of execution.

14.3 This Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the Parties.

**Section 15. Obligations and Liabilities are Several.**

15.1 The obligations and liabilities of the Parties under this Agreement are several, and are not joint. Neither Party shall be obligated or liable for any obligation or liability of the other Party. Neither Party shall have, by virtue of this Agreement any right, power or authority to incur any obligation or liability of, to act as the agent or representative of, or to otherwise bind the other Party.

**Section 16. Governing Law.**

This Agreement shall be interpreted, governed by, and construed under the laws of the State of Washington.

#### Section 17. Regulation.

In undertaking the planning, financing, construction, acquisition, and O&M of this interconnection, the Parties must comply with the requirements of all licenses, permits, and regulatory approvals necessary for such planning, financing, construction, acquisition, and O&M. It is also agreed that this Agreement is made subject to the provisions of all such licenses, permits, and regulatory approvals.

The City agrees to pay the Forest Service Permit fee and any other fees that may be assessed against the District by a State or Federal agency as a direct result of transmitting Project power. This provision applies only to fees that are a result of the District providing transmission services for the Project and that the District would not have to pay if it did not transmit Project power.

#### Section 18. Waivers.

Except as agreed by the Parties, no provision of this Agreement may be waived except as confirmed in writing. Any waiver at any time by a Party of its right with respect to a default under this Agreement or with any other matter arising in connection herewith, shall not be deemed a waiver with respect to any subsequent default or matter. Either Party may waive any notice or agree to accept a shorter notice than specified in this Agreement. Such waiver of notice or acceptance of shorter notice by a Party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Agreement.

#### Section 19. Invalid Provision.

The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

**Section 20. No Unspecified Third-Party Beneficiaries.**

There are no third-party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, their respective successors, assigns, and legal representatives.

**Section 21. Amendment.**

No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written amendment to this Agreement signed by both Parties.

**Section 22. Headings Not Binding.**

The headings and captions in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

**Section 23. Agreement of the Parties.**

This Agreement represents the entirety of the agreement between the Parties, and this Agreement supersedes any prior written or oral agreements between the Parties.

**Section 24. Interpretation of Agreement.**

The Parties agree that both Parties drafted this Agreement, and that if any ambiguities arise in the later interpretation of this Agreement, such ambiguities shall not be construed against either Party as the sole drafter of the Agreement.

**Section 25. Computation of Days.**

For purposes of this Agreement, all references to days contained herein shall mean calendar days.

**Section 26. Electrical Service to the Rearing Ponds.**

The rearing ponds proposed to be constructed next to the Project and operated by the State of Washington will require electrical service to operate. The owner/operator of

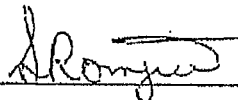
the rearing ponds shall be a customer of the District and the District shall own, install, and maintain all metering and other equipment necessary to provide electrical service as specified in the District's Customer Service Policy.

Section 27: Signature Clause.

Each Party hereto represents that it has the authority to execute this Agreement and that it has been duly authorized to enter into this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in counterparts.

Public Utility District No. 1 of  
Grays Harbor County, Washington

By 

Title General Manager

Date September 21, 1993

City of Tacoma, Washington

By 

Title Director of Public Utilities

Date September 10 1993

Approved as to form & legality:

  
Chief Asst. City Attorney

EXHIBIT A

Calculation of The Overhead Charge

- (1) The elements in the following equation are to be revised and updated every five (5) years or any time significant changes have been made in the operation or configuration of the transmission system; or any time changes are required due to regulatory action by any State or Federal agency.
- (2) Total overhead transmission plant (B) excludes any capital costs related to the District's underground transmission facilities.
- (3) Total plant value (T) includes the value of all plant in service including the Wynoochee Dam underground transmission system.
- (4) Total plant (C) and total plant value (T) exclude the District's share of the Centralia Project or any other generation resource acquired by the District.
- (5) The annual Overhead Charge is equal to:

$$[As(B/A_t)](C/T)(P)$$

where:

- As = Segment miles
- A<sub>t</sub> = Total plant transmission miles
- B = Total overhead transmission plant value (capital)
- C = Total plant: O&M, taxes, transmission renewals/replacement (last 12 months)
- T = Total plant value (last 12 months)
- P = Wynoochee Project's percentage use of the overhead transmission system calculated as the Nameplate Capacity of the Project (10.8 MW) divided by the sum of the Nameplate Capacity of the Project and the highest monthly peak demand of District loads during the previous year for transmission between the Point of Delivery and the Promised Land Substation.

*Nameplate  
10.8 MW*

EXHIBIT A (continued)

Calculation of The Overhead Charge

The following is an example of the calculation of the Overhead Charge using the District's costs for twelve months ending October 31, 1992.

- As = 26.08 miles
- At = 212.34 miles
- B = \$8,021,350
- B/At = Average Value Per Mile = \$37,776
- C = Total plant: O&M, taxes, transmission = \$13,816,744
- T = \$94,071,601
- C/T = Percentage overhead = 14.69%
- P = Maximum Demand: District (Feb., 1992) = 13,826kW
- Wynoochee Project = 10,800 kW *13,800 kW*
- Total = ~~24,626~~ kW

Wynoochee Project Percentage = 43.86%

$\frac{10,800}{24,626} = .4386$   
 $\frac{10,800}{24,626} = .4386$

$[As(B/At)](C/T)(P) = \text{Overhead Charge}$

$(26.08 \times \$37,776)(0.1469)(0.4386) = \$63,477$   
 $(.4386) = 69,570$

## EXHIBIT B

### Calculation of The Underground Charge

The Underground Charge shall be the sum of the Operations and Maintenance Costs and Capital Costs for a calendar month as described below.

- (1) Cost for operation and maintenance shall be equally divided among the Parties since the underground transmission system will be used to transmit Project power as well as serving the District's customers. Operation and Maintenance Costs shall be 50 percent of the actual costs incurred during a calendar month by the District for operation and maintenance of the underground transmission system used to transmit Project power.
- (2) Most Capital Costs shall be shared in ratio to the present value of the investment the District would have incurred to replace the existing cable to the City's investment to upgrade the existing cable.
- (3) Certain items to be replaced in the District's transmission system are specific to the voltage level of the underground system required to wheel Project power. This voltage level (35 kV) is not used anywhere else in the District's system, and the District would not incur costs related to this equipment except to support Project wheeling. Thus, the City will pay 100 percent of all capital costs for the equipment listed below.
  - 1) 69x115kV - 19.9/34.5kV Power Transformer
  - 2) 115kV Circuit Switcher (power transformer high side)
  - 3) 34.5kV Circuit Breaker (substation unit)
  - 4) 34.5kV Substation Surge Arresters
  - 5) 34.5kV Shunt Reactors
  - 6) 34.5kV Substation Bus Disconnect Switches
  - 7) 19.9/34.5kV Station Service Transformer
  - 8) 19.9/34.5kV Substation Instrument Transformers
  - 9) 19.9kV Substation Fusing and Related Equipment
- (4) The Parties agree that the District's 1993 present value cost to replace the existing cable is \$625,764 and the City's cost to upgrade the existing cable are \$3,124,000. The ratio of shared costs is calculated as shown below.
- (5) The Underground Charge shall be the sum of one-half the O&M Costs and 80 percent of the Capital Costs and 100 percent of the cost for replacement of the items listed in (3) above.



EXHIBIT B (continued)

Calculation of The Underground Charge

Ratio: District's present value replacement cost	\$ 625,764
Tacoma's cost to upgrade cable	\$3,124,000

Percentage Share:	Tacoma	80%
	District	20%

- (6) Capital Costs shall be calculated as the sum of 80 percent of shared capital costs plus 100 percent of capital costs for equipment listed in (3) above incurred during a calendar month by the District for replacement, additions or betterments of the underground transmission system used to transmit Project power.

## EXHIBIT C

### Calculation of The Replacement Benefit

- (1) The Parties agree that the replacement of the existing underground cable will likely occur within 32 years of the cable's life or by 2002.
- (2) Replacement cost for the existing cable is agreed to be \$870,000 in 1993 dollars.
- (3) The Replacement Benefit shall be the present value of the annual replacement cost that the District would have paid for replacement of the existing underground cable amortized over the expected cable life of 35 years, beginning in the first year of commercial operation (1993).
- (4) Discount Rate = 3.0%  
Inflation Rate = 3.5%  
Nominal Discount Rate = 6.6%  
Amortization Rate = 6.5%  
Amortization Period = 35 years

Existing cable replacement cost in 1993 dollars = \$870,000  
Escalated cost of cable replacement in 2002 dollars = \$1,185,721  
Present Value of 2002 replacement cost in 1993 dollars = \$625,764

Replacement Benefit \$45,720  
(35 year amortization, 6.5% interest rate)

EXHIBIT D

Example Calculation of The Monthly Charge

- (1) The Monthly Charge is equal to one-twelfth of the Overhead Charge plus the Underground Charge minus one-twelfth of the Replacement Benefit.
- (2) If the Monthly Charge is negative, it will be considered to be zero (\$0) for that month.
- (3) For this example the Underground Charge is assumed to be \$500, the Overhead charge is \$63,477 and the Replacement Benefit is \$45,720.

(Overhead Charge/12) plus Underground Charge minus (Replacement Benefit/12) = Monthly Charge

$$\$5,290 + \$500 - \$3,810 = \$1,980$$

$$\$719 + 500 - 3810 = 2409 .07 \times 12 = \$28,909$$

EXHIBIT E

Transmission Loss Factor Calculation

The Loss Factor is to be applied to energy made available by the City at the Point of Interconnection for delivery by the District to the Point of Delivery. This Loss Factor shall continue in effect until such time as the Parties revise this Exhibit pursuant to Section 7 of the Agreement. The Loss Factor for the current period is agreed to be: 1.64%.

The calculation of the Loss Factor is shown below:

1. Wheeling Path: the District's transmission system from the Point of Interconnection to the Point of Delivery.
2. Path Losses: (column 2 below) the monthly kW losses on the Wheeling Path at the expected monthly levels of Wynoochee Project generation (column 1 below).
3. Base Losses: (column 3 below) the monthly kW losses on the Wheeling Path with no generation at the Wynoochee Project.
4. Wheeling Losses: (column 4 below) Path Losses minus Base Losses for each month.
5. Loss Factor: (see bottom of table) annual kWh Wheeling Losses as a percentage of expected annual kWh generation.

MONTH	(1) EXPECTED GENERATION		(2) PATH LOSSES	(3) BASE LOSSES	(4) WHEELING LOSSES	
	(kW Ave.)	(kWh)	(kW)	(kW)	(kW)	(KWh)
JAN	7,007	5,213,320	222.45	106.53	115.92	86,244
FEB	7,204	4,840,940	244.51	84.88	159.63	107,271
MAR	3,003	2,234,280	74.67	86.25	-11.58	-8,616
APR	2,586	1,861,900	66.74	78.95	-12.21	-8,791
MAY	0	0	0.00	0.00	0.00	0.00
JUN	0	0	0.00	0.00	0.00	0.00
JUL	2,503	1,861,900	59.96	58.63	1.33	990
AUG	2,503	1,861,900	60.24	60.33	-0.09	-67
SEP	2,586	1,861,900	63.20	66.71	-3.51	-2,527
OCT	9,009	6,702,840	394.44	74.45	319.99	238,073
NOV	6,724	4,840,940	208.48	97.22	111.26	80,107
DEC	8,008	5,958,080	280.11	119.74	160.37	119,315
TOTAL	4,261	37,238,000				612,000

Loss Factor: 1.64%

↑  
Is this indicative of actual operating experience?



## RESOLUTION NO. U-10973

1 A RESOLUTION relating to Tacoma Water; declaring utility-owned real  
2 property surplus and authorizing the sale to Pierce County  
3 Department of Parks and Recreation.

4 WHEREAS the City of Tacoma, Department of Public Utilities, Water  
5 Division (d.b.a. "Tacoma Water"), requests the Board declare surplus and  
6 approve the negotiated sale of approximately 106 acres, located east of the  
7 McMillin Reservoirs at 13004 Reservoir Road E, Puyallup, in Pierce County,  
8 Washington ("Property"), to Pierce County Department of Parks and Recreation  
9 ("Pierce Co."), and

10 WHEREAS the Property is part of the McMillin Reservoir complex  
11 developed in 1912 to store water from the Green River for distribution to the  
12 Tacoma Water service area, and

13 WHEREAS the following steps are needed to complete this transaction:

- 14
- 15 1) At its sole expense, Pierce Co. will complete the property segregation  
16 process to include preparation of associated easements as needed to  
17 reconfigure that portion of Tacoma Water's Tax Parcel No. 0419141000  
18 property included in the sale.
  - 19 2) The property sale is expected to close by December 29, 2017. In the  
20 interim, Real Property Services will proceed with approval of the  
21 Declaration of Surplus and sale, and  
22

23 WHEREAS the Department of Public Works Real Property Services  
24 section has negotiated the price of \$2,775,100, and

25 WHEREAS Tacoma Water has determined that the Property sought by  
26 Pierce Co. is not essential for continued effective utility service and has deemed



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the Property surplus to Tacoma Water's needs pursuant to RCW 35.94.040 and TMC 1.06.272-.278; Now, Therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Sec. 1. That it is in the best interests of the City of Tacoma to approve the negotiated sale in fee of approximately 106 acres of property located east of the McMillin Reservoirs at 13004 Reservoir Road E, Puyallup, in Pierce County, Washington, with reservation of identified easements, and as more fully described in the documents on file with the Clerk of the Board, to the Pierce County Department of Parks and Recreation.

Sec. 2. That the Property is not essential for continued effective utility service by Tacoma Water and is properly declared surplus property and excess to Tacoma Water's needs.

Sec. 3. That in order to complete the transaction, Pierce County will complete the segregation process to include preparation of associated easements needed to reconfigure a portion of the property included in the sale, and Tacoma Water will seek Board and Council approval for a declaration of surplus property and approval of sale by December 29, 2017.

Sec. 4. That the City Council is requested to hold a public hearing on this matter pursuant to RCW 35.94.040, and thereafter approve this recommended sale and authorize the proper officers of the City of Tacoma to execute all

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necessary documents, substantially in the same form as on file with the Clerk  
and approved by the City Attorney.

Approved as to form and legality:

*William W. L...*  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date: November 3, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

## 1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Declare surplus and authorize the sale of approximately 106 acres of Tacoma Water property to Pierce County Department of Parks and Recreation for \$2,775,100.

## 2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Declare surplus and authorize the sale of approximately 106 acres of Tacoma Water property, identified as Pierce County Assessor Tax Parcel Nos. 0419132006 and 0419133001, and a portion of Tax Parcel No. 0419141000 located east of the McMillin Reservoirs at 13004 Reservoir Road E, Puyallup to Pierce County Department of Parks and Recreation. An easement for access will also be granted, and easements to Tacoma Water will be retained for a waste water pipeline, access road, and a depression used for waste water discharge. Consideration for the sale is \$2,775,100.

## 3. Summarized reason for resolution:

This property is part of the McMillin Reservoir complex developed in 1912 to store water from the Green River for distribution to the Tacoma Water service area. It has served as an open-space buffer around the formerly open McMillin Reservoirs. However, with replacement of the open reservoirs by enclosed tanks in 2012, there is no longer a need for Tacoma Water to own the property. A portion of the property had been used by Tacoma Water as a dump site for spoils and materials. The dump site was closed in 1999. An abandoned standpipe is also located on the property. The standpipe, along with on-going responsibility for monitoring and remediation, if necessary, for the closed former dump site, will be transferred to Pierce County.

The property is zoned RR, residential resource, per the Pierce County South Hill Community Plan. Tacoma Water began discussions with Pierce County in 2013 to acquire the property for use as a park and potential regional trail hub. A letter was sent in 2014 informing the neighboring property owners that Tacoma Water was considering options for disposal of the property. Two public meetings were held in 2015 to discuss options to sell the property to Pierce County, together with possible sale of an adjacent 43 acre property to the Puyallup School District. The Pierce County Council approved Resolution R-2015-95 on September 22, 2015, which provided a \$2,083,805 Conservation Futures grant toward purchase of the property. An offer was received from Pierce County Department of Parks and Recreation on September 15, 2017 to purchase the property for a total consideration of \$2,775,100. The sale proceeds will be placed in the Tacoma Water Capital Reserve Fund.

Following are the steps needed to complete the transaction:

- 1) At its sole expense, Pierce Co. will complete the property segregation process, to include preparation of associated easements, needed to reconfigure that portion of Tacoma Water's Tax Parcel No. 0419141000 property included in the sale.
- 2) The property sale is expected to close by December 31, 2017. During the interim, we will proceed to Board and Council for declaration of surplus and approval of the sale.

Tacoma Water has accepted an offer from Pierce County Department of Parks and Recreation for \$2,775,100; this figure takes into consideration the reservation of easements to Tacoma Water. Payment will be made in two installments. A payment of \$2,220,100 will be paid at closing, expected on or before December 31, 2017, with the remaining \$555,000 due and payable on or before February 28, 2018. Pierce County Department of Parks and Recreation intends to develop a park and regional trail hub on the property. The offer is subject to both Public Utility Board and City Council approval.

The terms and conditions of the purchase and sale agreement have been approved by Tacoma Water and Real Property Services and reviewed by the City's Legal Department.

## 4. Attachments:

- a. Director's Memo
- b. Aerial Photo
- c. Purchase and Sale Agreement
- d. CAM Request to set Public Hearing
- e. Declaration of Surplus Property


5.  Funds available  Proposed action has no budgetary impact

6. Deviations requiring special waivers:

Originated by:

  
Greg Volkhardt, Environmental Programs  
Manager

Requested by:

  
Scott Dewhirst, Water Superintendent

Approved:

  
William A. Gaines, Director of Utilities / CEO





**TO:** Mayor and City Council  
**FROM:** William A. Gaines, Director of Utilities/CEO  
**COPY:** Elizabeth Pauli, City Manager, and City Clerk  
**SUBJECT:** Resolution – Set Public Hearing – November 21, 2017  
**DATE:** November 3, 2017

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**SUMMARY:**

To set Tuesday, December 5, 2017, as the date for a Public Hearing regarding the declaration of surplus and sale of approximately 106 acres of Tacoma Water property for \$2,775,100.

**STRATEGIC POLICY PRIORITY:**

- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This request supports the above policy priorities by allowing retention of the property in a substantially undeveloped condition for park and trail use, and offering the opportunity for public input on this real estate transaction.

**BACKGROUND:**

This property is part of the McMillin Reservoir complex developed in 1912 to store water from the Green River for distribution to the Tacoma Water service area. It has served as an open-space buffer around the formerly open McMillin Reservoirs. However, with replacement of the open reservoirs by enclosed tanks in 2012, there is no longer a need for Tacoma Water to own the property. A portion of the property had been used by Tacoma Water as a dump site for spoils and materials. The dump site was closed in 1999. An abandoned standpipe is also located on the property. The standpipe, along with on-going responsibility for monitoring and remediation, if necessary, for the closed former dump site, will be transferred to Pierce County.

Tacoma Water began discussions with Pierce County in 2013 to acquire the property for use as a park and potential regional trail hub. A letter was sent in 2014 informing the neighboring property owners that Tacoma Water was considering options for disposal of the property. Two public meetings were held in 2015 to discuss options to sell the property to Pierce County, together with possible sale of an adjacent 43 acre property to the Puyallup School District. The Pierce County Council approved Resolution R-2015-95 on September 22, 2015, which provided a \$2,083,805 Conservation Futures grant toward purchase of the property. An offer was received from Pierce County Department of Parks and Recreation on September 15, 2017 to purchase the property for a total consideration of \$2,775,100. The sale proceeds will be placed in the Tacoma Water Capital Reserve Fund.

Following are the steps needed to complete the transaction:

- 1) At its sole expense, Pierce Co. will complete the property segregation process, to include preparation of associated easements, needed to reconfigure that portion of Tacoma Water's Tax Parcel No. 0419141000 included in the sale.
- 2) The property sale is expected to close by December 31, 2017. During the interim, we will proceed to Board and Council for declaration of surplus and approval of the sale.



Tacoma Water has accepted an offer for \$2,775,100; this figure takes into consideration the additional grant of easement for access and reservation of easements for a waste water pipeline, access road, and a depression used for waste water discharge. Payment will be made in two installments: \$2,220,100 will be paid at closing, expected by December 31, 2017, with \$555,000 due by February 28, 2018. Pierce County intends to develop a park and regional trail hub on the property. The offer is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been approved by Tacoma Water and Real Property Services and reviewed by the City's Legal Department.

**ALTERNATIVES:**

The alternatives to disposing of the property through the negotiated disposition process, as allowed under TMC 1.06.280f, are to either retain ownership or to dispose via a bid/sale process. Tacoma Water does not have a need for the property, and if it were to retain ownership there would be continued management and administrative costs. The negotiated disposition process was determined to be the most efficient disposition method, since the bid/sale process would not likely return positive results for such a large property.

**RECOMMENDATION:**

Tacoma Water and Real Property Services recommend that the City Council set a Public Hearing in accordance with RCW 35.94.040, to be held December 5, 2017 to receive public comment regarding the proposed sale of approximately 106 acres of Tacoma Water real property located in unincorporated Pierce County, WA. Once the Public Hearing has been conducted, a separate request will be presented to the City Council for the approval of the sale and conveyance of the real property.

**FISCAL IMPACT:**

There is no fiscal impact to setting this public hearing.

MEMORANDUM



Date: November 3, 2017  
To: William A. Gaines, Director of Utilities/CEO  
From: Scott Dewhirst, Water Superintendent *SD*  
Subject: Disposition of Real Property – Portion of McMillin Reservoir

**Recommendation:** Tacoma Water requests that you declare surplus and authorize the sale of approximately 106 acres (Pierce Co. Assessor TPNs 0419132006 and 0419133001, and a portion of TPN 0419141000) located east of the McMillin Reservoirs to the Pierce County Department of Parks and Recreation. An easement for access will also be granted, and easements will be retained for a waste water pipeline, access road, and a depression used for waste water discharge. Consideration for the sale is \$2,775,100.

**Background:** This property is part of the McMillin Reservoir complex developed in 1912 to store water from the Green River for distribution to the Tacoma Water service area. It has served as an open-space buffer around the formerly open McMillin Reservoirs. However, with replacement of the open reservoirs by enclosed tanks in 2012, there is no longer a need for Tacoma Water to own the property. A portion of the property had been used by Tacoma Water as a dump site for spoils and materials. The dump site was closed in 1999. An abandoned standpipe is also located on the property. The standpipe, along with on-going responsibility for monitoring and remediation, if necessary, for the closed former dump site, will be transferred to Pierce County.

Tacoma Water began discussions with Pierce County in 2013 to acquire the property for use as a park and potential regional trail hub. A letter was sent in 2014 informing the neighboring property owners that Tacoma Water was considering options for disposal of the property. Two public meetings were held in 2015 to discuss options to sell the property to Pierce County, together with possible sale of an adjacent 43 acre property to the Puyallup School District. The Pierce County Council approved Resolution R-2015-95 on September 22, 2015, which provided a \$2,083,805 Conservation Futures grant toward purchase of the property. An offer was received from Pierce County Department of Parks and Recreation on September 15, 2017 to purchase the property for a total consideration of \$2,775,100. The sale proceeds will be placed in the Tacoma Water Capital Reserve Fund.

Following are the steps needed to complete the transaction:

- 1) At its sole expense, Pierce Co. will complete the property segregation process, to include preparation of associated easements, needed to reconfigure that portion of Tacoma Water's Tax Parcel No. 0419141000 included in the sale.
- 2) The property sale is expected to close by December 31, 2017. During the interim, we will proceed to Board and Council for declaration of surplus and approval of the sale

Tacoma Water has accepted an offer for \$2,775,100; this figure takes into consideration the reservation of easements. Payment will be made in two installments: \$2,220,100 will be paid at closing, expected by December 31, 2017, with \$555,000 due by February 28, 2018. Pierce County intends to develop a park and regional trail hub on the property. The offer is subject to both Public Utility Board and City Council approval. The terms and conditions of the purchase and sale agreement have been approved by Tacoma Water and Real Property Services and reviewed by the City's Legal Department.

**Schedule:** Upon approval from the Public Utility Board, Real Property Services will hold a Public Hearing and seek final approval of the transaction from the Tacoma City Council. If approved, the transaction is expected to close December 31, 2017.

APPROVED:

  
\_\_\_\_\_  
William A. Gaines, Director of Utilities/CEO

# TACOMA WATER SALE TO PIERCE COUNTY - MCMILLIN RESERVOIR PROPERTY

Property to Pierce County: Dark Green / Light Green - Access Easement

Easement Reserved to Tacoma Water: Blue - Waste Water Pipeline / Purple - Waste Water Discharge / Red - Access Road





**City of Tacoma**  
**Declaration of Surplus Property (DSP)**

**To:** Purchasing Division **Date:** Nov 3, 2017  
**From:** TPU - Tacoma Water  
**Contact Name:** Greg Muller, R.E. Officer **Phone:** 253.502.8256

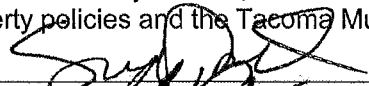
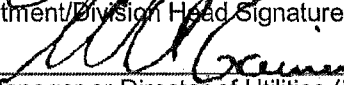
- Declaration of Surplus Personal Property  
 Declaration of Surplus Real Property  
 Declaration of Unusable Personal Property<sup>1</sup>

<sup>1</sup> Items that are broken, unusable, have no commercial, salvage, or donation value, and have no special disposal requirements (e.g., hazardous metals), may be disposed by the owning department. Do not submit DSP Form to Purchasing for these items.

**Description of Surplus Property**

Describe Item or Attach List: 106+/- Acres of Tacoma Water Property Fixed Asset # N/A  
Address/Location of Items: Portion of Pierce Co. TPN 0419141000, 0419132006, and 0419133001 Accounting (for costs/proceeds):  
Estimated Commercial or Resale Value: \$ 2,775,100.00 Cost Center: N/A  
Minimum Acceptable Bid: \$ N/A General Ledger Acct: 1860030

I hereby certify the asset(s) listed have no further public use or the sale thereof is in the best interests of the City and declare these items as surplus according to sections 1.06.272 through 1.06.278 of the Tacoma Municipal Code. Items may be sold, transferred, donated or otherwise disposed of in accordance with the City's surplus property policies and the Tacoma Municipal Code.

  
Department/Division Head Signature 11/6/17  
Date  
  
City Manager or Director of Utilities (if over \$200,000) 11-7-17  
Date

**DISPOSAL REQUEST**

(to be completed by department)

Requested Disposal Method(s):

- Intra City Transfer  
Name of Department \_\_\_\_\_
- Bid Solicitation (Formal / Informal)
- Vehicle Auction (attach vehicle surplus form)  
Specify Contract \_\_\_\_\_
- Online Auction Service  
(attach online auction surplus form)
- Special Advertisement (attach advertisement)  
Specify Newspaper \_\_\_\_\_
- Supplemental Mailing List (attach)
- Website Posting
- Special Disposal Requirements (e.g., environmental, regulatory)
- Salvage Services  
Specify Contract \_\_\_\_\_
- Donation
- 2-Good-2 Toss
- Other: Negotiated Sale
- Okay for Disposal: \_\_\_\_\_

**DISPOSAL ACTION**

**Internal Use Only – Purchasing Division**

- Formal Bid No. \_\_\_\_\_  
Resolution/Ordinance No. \_\_\_\_\_
- Informal Bid No. \_\_\_\_\_
- Online Auction  Website Posting
- Special Advertisement  Supplemental Mailings
- Contract Services  Intra-City Transfer
- Salvage Services  Donation
- Okay for Disposal  2-Good-2 Toss
- Date Advertised/Posted: \_\_\_\_\_
- Sale Amount: \$ \_\_\_\_\_
- Sold To: Name \_\_\_\_\_  
Address \_\_\_\_\_
- Donated To: Name \_\_\_\_\_  
Address \_\_\_\_\_
- Hold Harmless Release Received  
Recipient is:  Public Agency  Non-Profit serving  
 General Public  Employee
- Accounting, if different from above: \_\_\_\_\_

**APPROVED:**

Procurement and Payables Manager Date

## PIERCE COUNTY CONSERVATION FUTURES PURCHASE AND SALE AGREEMENT

THIS PIERCE COUNTY CONSERVATION FUTURES PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into as of the Effective Date (defined in Section 32 below) by and between CITY OF TACOMA, a municipal corporation and Washington First Class Charter City acting by and through its Department of Public Utilities, Water Division (d.b.a. Tacoma Water) ("Seller") and PIERCE COUNTY, a municipal corporation and political subdivision of the state of Washington ("Purchaser"). Seller and Purchaser may hereinafter be collectively referred to as "Parties" or individually as a "Party."

### R E C I T A L S

WHEREAS Seller is sole owner in fee simple of the real property located in Pierce County, Washington, consisting of Pierce County Tax Parcel Nos. 0419133001, 0419132006 and 0419141000, the full legal description of which is set forth in attached **Exhibit A** ("Seller's Property"); and

WHEREAS Seller's Property contains features consistent with the purposes and values described in chapter 84.34 of the Revised Code of Washington (hereinafter "RCW") and chapters 2.96 and 2.97 of the Pierce County Code (hereinafter "PCC") including, without limitation: (a) wildlife habitat areas; (b) streams; (c) wetlands; (d) wooded spaces; (e) open spaces; and (f) aquifer recharge and flood control areas ("Conservation Characteristics"); and

WHEREAS on September 22, 2015, the Pierce County Council passed Resolution No. R-2015-95 authorizing the Pierce County Executive to acquire through an expenditure from Purchaser's Conservation Futures Fund an approximately ONE HUNDRED SIX (106) acre portion of Seller's Property consisting of Pierce County Tax Parcel Nos. 0419133001, 0419132006 and a portion of Tax Parcel No. 0419141000, together with a perpetual easement for ingress, egress and utilities ("Access Easement") over and across the unsold portion of Seller's Property ("Seller's Remainder Property"), all as graphically depicted for reference purposes only in attached **Exhibit B** (collectively "Subject Property"); and

WHEREAS Seller desires to sell and convey the Subject Property to Purchaser and Purchaser desires to purchase and accept the same from said Seller upon the terms, covenants and conditions set forth in this Agreement; and

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, Seller and Purchaser agree as follows:

## A G R E E M E N T

1. **Recitals.** The above recitals are true and correct and are incorporated herein by this reference as if fully set forth.

2. **Purchase and Sale.** Seller agrees to sell and convey the Subject Property to Purchaser, in fee simple absolute, and Purchaser agrees to purchase and accept the same from Seller, upon the terms, covenants and conditions set forth in this Agreement.

3. **Purchase Price and Payment.** The total purchase price for the Subject Property ("Purchase Price") shall be TWO MILLION SEVEN HUNDRED SEVENTY-FIVE THOUSAND ONE HUNDRED AND NO/100 DOLLARS (\$2,775,100.00) and shall be paid by Purchaser to Seller by cashier's check, certified check, or wire transfer of immediately available funds to Closing Agent (defined in Section 6 below), as follows: (a) TWO MILLION TWO HUNDRED TWENTY THOUSAND ONE HUNDRED AND NO/100 DOLLARS (\$2,220,100.00) at Closing (defined in Section 16 below; and (b) FIVE HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS (\$555,000.00) on or before February 18, 2018.

### 4. **Due Diligence.**

4.1 **Due Diligence Review.** Purchaser's obligation to complete the transaction contemplated by this Agreement is subject to and conditioned upon Purchaser determining in its sole and absolute judgment and discretion it is satisfied with its due diligence review (hereinafter "Due Diligence Review") of the Subject Property including, without limitation, the fair market value of the Subject Property and the environmental, geotechnical, land use and physical aspects thereof.

4.2 **Due Diligence Period.** Purchaser shall have THIRTY (30) calendar days from the Effective Date (hereinafter "Due Diligence Period") within which to conduct its Due Diligence Review of the Subject Property and to notify Seller in writing of its satisfaction with or waiver of the Due Diligence Review. If Purchaser fails to timely deliver to Seller written notice of its satisfaction with or waiver of the Due Diligence Review, this Agreement shall automatically terminate and neither Party shall have any further rights or remedies hereunder except those that expressly survive termination of this Agreement.

4.3 **Due Diligence Materials.** Seller shall use best efforts to provide to Purchaser, or make available to Purchaser for inspection, as soon as possible (but in any event no later than TEN (10) business days after the Effective Date) all materials specified below that are in Seller's possession or control (hereinafter "Due Diligence Materials"). If Seller thereafter discovers any additional items that should have been included among the Due Diligence Materials, Seller shall promptly deliver them to Purchaser. The Due Diligence materials shall include: (a) copies of any existing easements, covenants, restrictions, agreements, or other documents that affect title to, or



Seller's possession and/or use of, the Subject Property that are not disclosed in the Preliminary Commitment; (b) all reports, surveys, plats or plans that affect or relate to the Subject Property; (c) notice of any existing or threatened litigation that affect or relate to the Subject Property and copies of any pleadings with respect to that litigation; (d) all environmental assessment reports with respect to the Subject Property performed during the FIVE (5) years preceding the Effective Date or that are currently being performed by or for Seller; (e) any governmental correspondence, orders, requests for information or action and other legal documents that relate to the presence of hazardous materials (as defined under state and/or federal law) in, on, under or about the Subject Property and any other written information relating to the environmental condition or potential contamination thereof; and (f) any preliminary title insurance reports that affect or relate to the Subject Property.

**4.4 Right of Access; Indemnification.** During the Due Diligence Period, Purchaser and its agents, employees, appraisers, contractors and consultants shall be afforded reasonable access and entry onto the Subject Property to conduct such studies, tests, appraisals, investigations and inspections as are reasonably necessary to complete the Due Diligence Review. All such studies, tests, appraisals, investigations and inspections shall occur at Purchaser's sole cost and expense and shall be performed in a manner not unreasonably disruptive to Seller's possession, use or occupancy of the Subject Property. Purchaser shall, upon completion of any such study, test, appraisal, investigation or inspection, repair any and all damage to the Subject Property caused thereby to as good or better condition than existed prior to said activities, and shall indemnify and hold Seller harmless from any claim, liability, loss or expense of any kind, type or nature whatsoever including, without limitation, reasonable costs and attorney fees, asserted against Seller or the Subject Property arising out of or relating in any way to Purchaser's entry thereon; provided, however, that such repair and indemnification shall not cover any claims, demands, liabilities, liens, judgments, costs or expenses, including, without limitation, reasonable costs and attorney fees, attributable to pre-existing adverse conditions affecting the Subject Property or to Seller's sole conduct. Purchaser shall keep confidential all matters it may discover during its investigation and inspection of the Subject Property and, except as required by law, shall not disclose such matters to any third party, other than those assisting Purchaser in its Due Diligence Review, without Seller's prior written consent (and with written notice to Seller prior to any legally compelled disclosure). Unless expressly provided to the contrary elsewhere in this Agreement, Seller shall be under no obligation to correct any deficiency in the Subject Property identified by Purchaser during the Due Diligence Review.

**5. Approval Resolutions; Termination.** The Parties' obligations to complete the transaction contemplated by this Agreement are subject to and conditioned upon passage of resolutions by the Tacoma City Council and the Tacoma Public Utility Board in the ordinary course of business on or before expiration of the Due Diligence Period, or any extension thereof, approving and ratifying this Agreement and the transaction as contemplated hereby and authorizing such other, further or different action(s) as may be required or desired by Seller in its sole and absolute judgment and discretion to complete the transaction contemplated by this Agreement (collectively "City

of Tacoma Approval Resolutions”). Seller shall, as soon as practicable after the Effective Date, submit the City of Tacoma Approval Resolutions to the Tacoma City Council and the Tacoma Public Utility Board and shall, within FIVE (5) business days after passage by the Tacoma City Council, notify Seller thereof in writing (“Notice of Passage of City of Tacoma Approval Resolutions”), such notice being conclusive for purposes of this Agreement that Seller has satisfied this condition. If Seller fails to timely deliver to Purchaser its Notice of Passage of Tacoma Approval Resolutions, this Agreement shall automatically terminate and neither Party shall have any further rights or remedies hereunder except those that have already accrued or that expressly survive termination hereof.

**6. Preliminary Commitment for Title Insurance.** The Parties have received from Attorney's Title of Washington, 3906 South 74th Street, Tacoma, WA 98409 ("Closing Agent") a preliminary commitment for an owner's standard coverage policy of title insurance covering the Subject Property under Commitment No. TC1-43262-PC ("Preliminary Commitment"). Within FIVE (5) business days after the Effective Date, Seller shall order from Closing Agent an update to the Preliminary Commitment, together with complete and legible copies (to the extent they are available) of any recorded exceptions identified in Schedule B thereof. Seller shall request of Closing Agent that the updated Preliminary Commitment be completed and delivered to Purchaser within FIVE (5) business days after Seller's request.

**7. Approval of Title.** Seller and Purchaser shall conduct their review and approval of title to the Subject Property in accordance with the procedures set forth in Sections 7.1 through 7.4 below.

**7.1 Purchaser's Title Cure Notice.** Purchaser shall have TEN (10) business days after receipt of the update to the Preliminary Commitment as set forth in Section 6 above within which to notify Seller in writing whether, in its sole and absolute judgment and discretion, Purchaser disapproves of any exception in Schedule B thereof ("Purchaser's Title Cure Notice"). All monetary liens and encumbrances, if any, shall automatically be deemed disapproved. Purchaser's failure to deliver Purchaser's Title Cure Notice shall, subject to Section 7.4 below, constitute its unconditional approval of all exceptions in Schedule B except monetary liens and encumbrances. Exceptions not disapproved by Purchaser shall become "Permitted Exceptions."

**7.2 Seller's Title Cure Notice.** Seller shall have TEN (10) business days after receipt of Purchaser's Title Cure Notice within which to notify Purchaser in writing whether, in its sole and absolute judgment and discretion, Seller will cure or remove any exceptions disapproved by Purchaser pursuant to Section 7.1 above ("Seller's Title Cure Notice"). Notwithstanding Seller's discretion in the foregoing sentence, Seller shall remove on or before Closing any and all monetary liens or encumbrances affecting the Subject Property. Except for monetary liens or encumbrances, Seller's failure to deliver Seller's Title Cure Notice shall constitute Seller's election not to remove any such exceptions. Seller shall remove all exceptions it elects to remove on or before Closing.

**7.3 Purchaser's Title Termination Notice.** If Seller elects not to remove all exceptions disapproved by Purchaser pursuant to Section 7.1 above, Purchaser may, in its sole and absolute judgment and discretion, and not later than the expiration of the Due Diligence Period, elect to terminate this Agreement by written notice to Seller ("Purchaser's Title Termination Notice"), in which case neither Party shall have any further rights or remedies against the other, except those that expressly survive the termination hereof. If Purchaser fails to timely deliver Purchaser's Title Termination Notice, disapproved exceptions (except monetary liens and encumbrances) that Seller has elected not to remove shall become Permitted Exceptions.

**7.4 Supplemental Commitments.** If any supplement to the Preliminary Commitment issued after the date of Purchaser's Title Cure Notice contains a lien or encumbrance affecting the Subject Property other than liens or encumbrances in the initial Preliminary Commitment or any previous update or supplement thereto, or materially modifies a lien or encumbrance contained in the Preliminary Commitment or any previous update or supplement thereto, Purchaser shall be entitled to disapprove any such matter by written notice to Seller delivered within FIVE (5) business days after Purchaser's receipt of any such update or supplement. If Purchaser timely disapproves, the provisions of Sections 7.2 and 7.3 above shall apply, except Seller shall have only TWO (2) business days to deliver its notice to Purchaser and Purchaser shall have only TWO (2) business days following receipt of Seller's notice to make its election.

**8. Conveyance of Title.** Seller shall convey fee simple title to the Subject Property to Purchaser at Closing by bargain and sale deed (hereinafter "Bargain and Sale Deed") substantially in the form set forth in attached **Exhibit C**, subject only to the Permitted Exceptions.

**9. Title Insurance Policy.** At Closing, or as soon as practicable thereafter, Seller shall cause Closing Agent to issue to Purchaser an owner's standard coverage policy of title insurance covering the Subject Property ("Title Policy") in the full amount of the Purchase Price insuring, as of Closing, fee simple absolute title to the Subject Property in Purchaser free and clear of all liens and, encumbrances and defects except the Permitted Exceptions.

**10. Pending Matters; Pending Matters Addenda.**

**10.1 Pending Matters.** The matters described in Sections 10.1.1 through 10.1.3 below have not been fully resolved by the Parties and shall be the subject to further negotiations (collectively "Pending Matters"). If any Pending Matter is not resolved by the Parties in writing to their mutual satisfaction on or before expiration of the Due Diligence Period, either Party may, acting in its sole and absolute judgment and discretion, elect to terminate this Agreement upon written notice to the other, in which event neither Party shall have any further rights or remedies hereunder except those that have already accrued or that expressly survive termination hereof.

**10.1.1 Legal Description.** Mutual agreement as to the precise legal description of the Subject Property as established by survey;

**10.1.2 Access Easement.** Mutual agreement as to the precise legal description, terms, covenants and conditions of the Access Easement;

**10.1.3 Reservation; Segregation.** Mutual agreement as to the size and location of the area of the Subject Property to be reserved by Seller for pipeline purposes and the formal survey and segregation of that area and Seller's Remainder Property from the Subject Property at Purchaser's sole cost and expense.

**10.2 Pending Matters Addenda.** Upon resolution of the Pending Matters, the Parties shall execute one or more written addenda ("Pending Matters Addenda"), which shall be attached to and become part of this Agreement as **Exhibit D**, describing the terms, covenants and conditions under which each Pending Matter has been resolved.

**11. Conduct of Business.** From the Effective Date until Closing or earlier termination of this Agreement, Seller shall: (a) operate and maintain the Subject Property in the ordinary course of their business; (b) not materially violate or breach any applicable current and future zoning or land use laws, ordinances, rules or regulations applicable to the Subject Properties, nor commit any waste or nuisance thereupon; and (c) not enter into any leases, operating contracts, easements or other agreements relating to the Subject Properties that have terms extending beyond Closing without Purchaser's prior written consent, which consent may be granted, withheld, conditioned or delayed by Purchaser in its sole and absolute judgment and discretion.

**12. Representations and Warranties.**

**12.1 By Seller.** Seller represents and warrants to Purchaser as follows:

**12.1.1 Authority.** Subject to Section 5 above, Seller has full right, title, authority and capacity to execute and perform this Agreement and to consummate the transaction contemplated hereby;

**12.1.2 Litigation.** There are no actions, suits or proceedings pending or threatened against Seller in any court or before any administrative agency that might result in Seller being unable to consummate the transaction contemplated by this Agreement;

**12.1.3 Condemnation.** This Agreement is not made or entered into under the imminent threat of condemnation of the Subject Property;

**12.1.4 Hazardous Materials.** Other than as expressly set forth in Section 13.2 below, Seller has not received notification from any governmental agency or

any other source that the Subject Property is, or may be, in violation of any environmental law or is, or may be, targeted for a Superfund cleanup site.

**12.1.5 Real Estate Brokers.** Seller has not had any contact or dealing regarding the Subject Property, or any communication in connection with the subject matter of this Agreement, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the purchase and sale contemplated by this Agreement. If Seller has had any dealing or communication with a broker or finder through which a claim for a commission or finder's fee is perfected, Seller shall be solely liable for payment of that commission or fee and shall indemnify, defend and hold Purchaser harmless from and against any liability, cost or damage (including costs and attorney fees), arising out of or in any way relating to that claim.

**12.1.6 Change in Circumstances.** If, prior to Closing, Seller becomes aware of any fact or circumstance that would change a representation or warranty made in this Agreement by Seller, then Seller shall promptly give written notice thereof to Purchaser. If Seller gives written notice of any such change, or if Purchaser otherwise has actual notice of any such change, Purchaser shall have the option to terminate this Agreement within TEN (10) business days from the date Purchaser receives written notice of the changed fact or circumstance (or the end of the Due Diligence Period, if later) and all of Seller's and Purchaser's obligations under Agreement shall terminate, except those that expressly survive a termination hereof.

**12.2 By Purchaser.** Purchaser represents and warrants to Seller as follows:

**12.2.1 Authority.** Subject to Section 12.2.4 below, Purchaser has full right, title, authority and capacity to execute and perform this Agreement and to consummate the transaction contemplated hereby and the individual(s) who on Purchaser's behalf execute and deliver this Agreement and all documents to be delivered to Seller hereunder are and shall be authorized to do so;

**12.2.2 Litigation.** There is no litigation pending or, to Purchaser's knowledge, threatened, against Purchaser before any court or administrative agency which might result in Purchaser being unable to consummate the transactions contemplated by this Agreement;

**12.2.3 Condemnation.** This Agreement is not made or entered into under the threat of condemnation of the Subject Property;

**12.2.4 Council Approval.** Purchaser has received all necessary governmental approvals and funding authorizations to purchase the Subject Property. The foregoing notwithstanding, Seller acknowledges Purchaser may, in its sole and absolute judgment and discretion, terminate this Agreement if the Pierce County Council

withdraws its approval and/or funding authorization for the purchase of the Subject Property.

**12.2.5 Conservation Purposes.** Purchaser is acquiring the Subject Property solely for conservation and open space purposes consistent with chapter 84.34 of the Revised Code of Washington and chapters 2.96 and 2.97 of the Pierce County Code.

**12.2.6 Real Estate Brokers.** Purchaser has not had any contact or dealing regarding the Subject Property, or any communication in connection with the subject matter of this Agreement, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the purchase and sale contemplated by this Agreement. If Purchaser has had any dealing or communication with a broker or finder through which a claim for a commission or finder's fee is perfected, Purchaser shall be solely liable for payment of that commission or fee and shall indemnify, defend and hold Seller harmless from and against any liability, cost or damage (including costs and attorney fees), arising out of or in any way relating to that claim.

**12.2.7 Change in Circumstances.** If, prior to Closing, Purchaser becomes aware of any fact or circumstance that would change a representation or warranty made in this Agreement by Purchaser, then Purchaser shall promptly give written notice thereof to Seller. If Purchaser gives written notice of any such change, or if Seller otherwise has actual notice of any such change, Seller shall have the option to terminate this Agreement within TEN (10) business days from the date Seller receives written notice of the changed fact or circumstance (or the end of the Due Diligence Period, if later) and all of Seller's and Purchaser's obligations under this Agreement shall terminate, except those that expressly survive a termination hereof.

**12.3 Condition of Property.** Purchaser acknowledges it is purchasing and shall acquire the Subject Property in the physical condition existing as of Closing, "AS-IS," "WHERE IS" AND WITH ALL FAULTS, INCLUDING, WITHOUT LIMITATIONS, THE CONDITION OR STABILITY OF THE SOILS OR GROUND, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON OR UNDER THE SUBJECT PROPERTY, THE SUITABILITY OF THE SUBJECT PROPERTY FOR ANY CONSTRUCTION OR DEVELOPMENT, ZONING AND SIMILAR MATTERS, SOLELY IN RELIANCE ON PURCHASER'S OWN INVESTIGATION, EXAMINATION, INSPECTION, ANALYSIS, AND EVALUATION OF THE SUBJECT PROPERTY. As of the Effective Date, Seller has made no representations or warranties, express or implied, regarding the Subject Property except for those representations and warranties expressly provided elsewhere in this Agreement.

**12.4 Other Representations and Warranties.** Seller and Purchaser acknowledge and agree, except as may be expressly provided to the contrary elsewhere in this Agreement, neither Party has made any statement, representation, warranty or agreement as to any matter concerning the Subject Property or the suitability thereof for

Purchaser's intended uses and that Purchaser has made or will make its own independent inspection and investigation of the Subject Property.

### **13. Hazardous Materials**

**13.1 Hazardous Materials Defined.** As used in this Agreement, the term "Hazardous Materials" shall mean any hazardous or toxic substances, materials, wastes, pollutants or contaminants that are now or hereafter defined, listed, or regulated by any federal, state, or local Environmental Law. As used in this Agreement, the term "Environmental Law" includes any federal, state or local law, regulation or ordinance that requires the removal of Hazardous Materials, regulates the existence or management of Hazardous Materials to address and/or protect against an actual or threat of harm to human health or to the environment. Federal and state Environmental Laws include CERCLA (42 U.S.C. §9601 et seq.), MTCA (Chapter 10.105D RCW), the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), the Hazardous Waste Management Act (Chapter 70.105 RCW), the Federal Water Pollution Control Act (33 U.S.C. §1251 et seq.), and the Water Pollution Control Act (Chapter 90.48 RCW).

**13.2 Environmental Inspection and Disclosure.** Seller has previously disclosed to Purchaser the location of a historic dump site on the Subject Property which was closed in 1999 in accordance with WAC 173-304. The dump site closure proposal, plans, monitoring schedule, and past inspection reports made by Tacoma-Pierce County Health Department have also been previously disclosed to Purchaser. Purchaser acknowledges its awareness and willingness to assume, from and after Closing, responsibility for operations, management, and monitoring of the dump site and will comply with Tacoma-Pierce County Health Department directives relative to the Subject Property. Further, during the Due Diligence Period, Purchaser may, in accordance with Section 4 above, conduct such environmental inspections and tests of the Subject Property as it deems appropriate to determine the presence of Hazardous Materials in, on, under or about the Subject Property. If, based upon the results of those inspections and tests, Purchaser determines the condition of the Subject Property is unsatisfactory, or if Purchaser believes ownership of the Subject Property would result in undue risk of government intervention or third-party liability, Purchaser may, in its sole and absolute judgment and discretion, terminate this Agreement, in which event the Parties shall have no further rights or remedies against one another under this Agreement except those that expressly survive termination hereof.

**13.3 Environmental Release and Indemnity.** If, however, based upon the results of any environmental inspections or tests of the Subject Property during the Due Diligence Period, Purchaser determines the condition thereof is acceptable and notwithstanding the disclosure and results of the inspections and tests determines to move forward with the purchase then Purchaser, for itself and its successors and assigns, shall, as of Closing, release, defend, indemnify and hold Seller harmless from any and all known environmental claims and liabilities, of whatever nature arising out of Seller's ownership and operation of the Subject Property that Purchaser may have against Seller

including, without limitation, sums paid responding to, defending against and in settlement of environmental claims and liabilities, including claims for response or remedial action costs, attorney fees, consultant fees and expert fees, by reason or on account of, or in connection with, or arising out of or in any way relating to: (a) the presence or suspected presence of Hazardous Materials in, on, under or about the Subject Property; (b) the migration of Hazardous Materials from or onto the Subject Property; or (c) the violation of any Environmental Law; provided however, that said release and indemnity shall not apply to claims arising out of a release of Hazardous Materials in, on, under or about the Subject Property by Seller that was not disclosed and could not have reasonably become known to Purchaser through the Due Diligence Review process set forth in Section 4 above.

**14. Foreign Investment in Real Property Tax Act.** If requested by Closing Agent, the Parties agree to comply in all respects with the Foreign Investment in Real Property Tax Act (hereinafter "FIRPTA"), as set forth in Section 1445 of the Internal Revenue Code and the regulations issued thereunder.

**15. Conditions Precedent to Closing.**

**15.1 Seller's Conditions.** Seller's obligation to complete the transaction contemplated by this Agreement is subject and conditioned upon satisfaction or waiver of each of the following conditions precedent:

**15.1.1 Closing Deliveries.** Purchaser's delivery to Closing Agent, on or before Closing, of the instruments, documents and monies described in Section 17.2 below;

**15.1.2 Resolution of Pending Matters.** Resolution of the Pending Matters upon terms, covenants and conditions acceptable to Seller in its sole and absolute judgment and discretion; and

**15.1.3 Other Conditions.** Satisfaction or waiver, on or before the Closing, of all other conditions to Closing for the benefit of Seller as set forth in this Agreement.

**15.2 Purchaser's Conditions.** Purchaser's obligation to complete the transaction contemplated by this Agreement is subject to and conditioned upon satisfaction or waiver of each of the following conditions precedent:

**15.2.1 Due Diligence Review.** Purchaser's acceptance of the Subject Property as a result of its Due Diligence Review;

**15.2.2 Title Policy.** Closing Agent's commitment to issue the Title Policy described in Section 9 above;



**15.2.3. Resolution of Pending Matters.** Resolution of the Pending Matters upon terms, covenants and conditions acceptable to Purchaser in its sole and absolute judgment and discretion;

**15.2.4 Closing Deliveries.** Seller's delivery to Closing Agent, on or before Closing, of the instruments, documents and monies described in Section 17.1 below; and

**15.2.5 Other Conditions.** Satisfaction or waiver, on or before Closing of all other conditions to Closing for the benefit of Purchaser as set forth in this Agreement.

**15.3 Failure or Waiver of Conditions Precedent.** If any of the conditions precedent set forth in this Section 15 are not satisfied or waived by the Party intended to be benefited thereby, this Agreement shall terminate and neither Party shall have any further rights or remedies against the other, except those that expressly survive termination hereof. The foregoing notwithstanding, either Party may, in its or their sole and absolute judgment and discretion, at any time or times on or before the date (and, if indicated, the time) specified for the satisfaction of the condition, waive in writing the benefit of any condition precedent.

**16. Closing; Possession.** "Closing" means the date upon which the Bargain and Sale Deed is recorded by Closing Agent and the proceeds of sale are legally available for disbursement to Seller. Closing shall take place at the offices of Closing Agent, or at such other place as Seller and Purchaser may mutually agree in writing, within THIRTY (30) calendar days after Purchaser's waiver or satisfaction of the Due Diligence Review, but in no event later than December 29, 2017 (hereinafter "Outside Closing Date"). Seller and Purchaser agree to execute and deliver to Closing Agent such closing escrow instructions as may be necessary to implement and coordinate Closing. Purchaser shall be entitled to possession of the Subject Property at Closing. If this transaction fails to close by the Outside Closing Date, the non-defaulting Party (or in the event the failure to close is not due to the default of a Party, then either Party) may terminate this Agreement by giving written notice of the same to the other Party, and no Party shall have any further rights or remedies against another, except those that expressly survive termination hereof.

**17. Closing Deliveries.** On or before Closing the following shall be delivered to Closing Agent:

**17.1 By Seller.** The following, duly executed and acknowledged by Seller: (a) the Bargain and Sale Deed; (b) a Real Estate Excise Tax Affidavit relating to the Bargain and Sale Deed; (c) a FIRPTA nonforeign affidavit (if required by Closing Agent); (d) the Pending Matters Addenda, as applicable; and (e) any and all other instruments, documents and monies required by Closing Agent and/or the Parties before, on or following Closing to consummate the transaction contemplated by this Agreement.

**17.2 By Purchaser.** The following, duly executed and acknowledged by Purchaser: (a) a Real Estate Excise Tax Affidavit relating to the Bargain and Sale Deed; (b) the Purchase Price and any other funds as may be required in order to close hereunder; (c) the Pending Matters Addenda, as applicable; and (d) any and all other instruments, documents and monies required by Closing Agent and/or the Parties before, on or following Closing to complete the transaction contemplated by this Agreement.

**18. Closing Costs; Prorations.**

**18.1 Seller's Closing Costs.** Seller shall pay: (a) Real Estate Excise Taxes due at Closing; (b) one-half of the Closing Agent's escrow fee; (c) its own attorney fees; and (d) all other costs and expenses allocated to Seller under this Agreement.

**18.2 Purchaser's Closing Costs.** Purchaser shall pay: (a) the cost of recording the Bargain and Sale Deed; (b) one-half of the Closing Agent's escrow fee; (c) the cost to survey and record the segregation of the Subject Property from Seller's Property; (d) the premium for the Title Policy (d) its own attorney fees; and (e) all other costs and expenses allocated to Purchaser under this Agreement.

**18.3 Prorations; Adjustments.** Any liens, assessments or charges imposed by law upon the Subject Property shall be prorated as of Closing, with such prorations to be a final settlement between the Parties. Seller and Purchaser agree, to the extent items are prorated or adjusted at Closing on the basis of estimates, or are not prorated or adjusted at Closing pending actual receipt of funds or a compilation of information upon which such prorations or adjustments are to be based, each of them will, upon a proper accounting, pay to the other such amounts as may be necessary such that Seller shall receive the benefit of all income and shall pay all expenses of the Subject Property prior to Closing and Purchaser shall receive all income and shall pay all expenses of the Subject Property after Closing. If Purchaser receives any bill or invoice which relates to periods prior to Closing, Purchaser shall refer such bill to Seller and Seller shall pay, promptly upon receipt, such portion of the bill or invoice as relates to the period prior to Closing for which that Seller is responsible. If Seller does not pay such bill in a timely manner, Purchaser may, at its option, pay such bill or invoice and Seller shall become and remain liable to Purchaser for the full amount thereof until paid.

**19. Risk of Loss; Change in Condition.** Risk of loss of or damage to the Subject Property shall be borne by Seller until Closing and risk of loss of or damage to the Subject Property shall be borne by Purchaser thereafter. In the event of a material loss of or damage to the Subject Property prior to Closing, or in the event of a material adverse change in the condition thereof prior to Closing, Seller shall promptly notify Purchaser in writing. Purchaser may elect in its sole and absolute judgment and discretion, by notice in writing to Seller within TEN (10) calendar days after receipt of Seller's notice or, if Seller does not notify Purchaser, within TEN (10) calendar days after the time Purchaser otherwise has actual notice of the material loss or damage or material adverse change, either to terminate this Agreement or to purchase the Subject Property in

the condition existing at Closing. If Purchaser does not give such notice, Purchaser shall be deemed to have elected to proceed with the purchase.

**20. Condemnation.** If, prior to Closing, all or any portion of the Subject Property is taken by, or made subject to, condemnation, eminent domain or other governmental acquisition, then Purchaser, in its sole and absolute judgment and discretion, may elect either to: (a) terminate this Agreement by written notice to Seller within FIVE (5) calendar days after Seller's receipt of written notice of such action, whereupon neither Party shall have any further rights or duties under this Agreement except those which expressly survive termination hereof; or (b) agree to close and deduct from the Purchase Price an amount equal to any sum paid to Seller for such governmental acquisition.

**21. Notices.** Notices shall be in writing and sent by either: (a) United States mail, return receipt requested; (b) recognized overnight courier; or (c) facsimile. Notices shall be deemed delivered on the earlier of: (a) three (3) business days after deposit in the United States mail; (b) the delivery date as shown in the delivery records of the overnight courier; or (c) the date of confirmed receipt by the recipient's fax:

To Seller: Tacoma Public Utilities, Real Property Services  
Attn: Real Estate Officer  
ABS - 2nd Floor  
3628 South 35th Street  
Tacoma, WA 98402  
Telephone: 253-502-8256  
Facsimile: 253-502-8539  
Email: gmuller@cityoftacoma.org

To Purchaser: Pierce County Parks & Recreation Services  
Attn: Nicole Hill  
9112 Lakewood Drive SW, Suite 114  
Lakewood, WA 98499  
Telephone: 253-798-4252  
Facsimile: 253-582-7461

Copy to: Pierce County Prosecuting Attorney/Civil Division  
Attn: David H. Prather, Deputy Prosecuting Attorney  
955 Tacoma Avenue South, Suite 301  
Tacoma, WA 98402-2160  
Telephone: 253-798-4168  
Facsimile: 253-798-6713

To Closing Agent: Attorney's Title of Washington  
(Title & Escrow) Attn: Ellesia Barradale  
3906 South 74th Street  
Tacoma, WA 98409

Telephone: (253) 284-3848  
Facsimile: \_\_\_\_\_

Any Party, by written notice to the other in the manner herein provided, may designate an address different from that set forth above. Any notices sent by a Party's attorney on behalf of such Party shall be deemed delivered by such Party.

**22. Default; Remedies.** If Seller or Purchaser do not perform the covenants and obligations contained in this Agreement in good faith or if the representations and warranties contained herein are not all true and accurate, either Party may seek: (a) specific performance of this Agreement and/or damages; or (b) rescission of this Agreement; or (c) all other remedies available at law and equity.

**23. Attorney Fees; Venue.** The substantially prevailing Party in any action or proceeding between the Parties for the enforcement of this Agreement shall be entitled to recover reasonable costs and attorney fees (including, without limitation, reasonable costs and attorney fees incurred in appellate proceedings, or in any action or participation in, or in connection with, any case or proceeding under the Bankruptcy Code, and expenses for witnesses, including expert witnesses), in addition to all other relief to which it may be entitled. The venue of any action arising out of or relating to this Agreement shall be in the Superior Court of Pierce County, Washington.

**24. Negotiation and Construction.** This Agreement was negotiated by the Parties with the assistance of their own legal counsel and shall be construed according to its fair meaning and not strictly for or against either Party. This Agreement shall be construed and interpreted in accordance with the laws of the state of Washington.

**25. Time.** Time is of the essence of this Agreement and of every term and provision hereof.

**26. Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to the Subject Property and supersedes all written or oral agreements or understandings, if any. This Agreement may be modified only in writing signed by all Parties.

**27. Date of Performance.** If the date for any performance under this Agreement falls on a weekend or holiday, the time shall be extended to the next business day.

**28. Cost of Performance.** Except as otherwise expressly provided in this Agreement, all covenants, agreements and undertakings of a Party shall be performed at sole cost and expense of that Party without a right of reimbursement or contribution from the other Party.

**29. Survival of Provisions; Binding Effect.** The covenants, representations, agreements, terms and provisions contained herein shall survive the Closing and shall not be deemed to have merged with or into the Bargain and Sale Deed. This Agreement shall be binding upon and shall inure to the benefit of the Parties and upon their heirs, successors and assigns.

**30. Invalid Provision.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement.

**31. Exhibits.** The following exhibits are attached to this Agreement and by this reference incorporated herein as if fully set forth:

<b>Exhibit A</b>	--	Legal Description of Seller's Property
<b>Exhibit B</b>	--	Graphic Depiction of Subject Property
<b>Exhibit C</b>	--	Bargain and Sale Deed
<b>Exhibit D</b>	--	Pending Matters Addenda

**32. Effective Date.** The "Effective Date" of this Agreement shall be the date upon which Purchaser's County Executive (who shall be the last person to sign) shall have affixed his signature to this Agreement as indicated opposite his name below.

***[SIGNATURES & ACKNOWLEDGEMENTS APPEAR ON FOLLOWING PAGES]***

**SELLERS' SIGNATURE PAGE**

\_\_\_\_\_  
William A. Gaines, Date  
Director of Utilities / CEO

\_\_\_\_\_  
Scott Dewhirst Date  
Water Superintendent

Approved as to form:

\_\_\_\_\_  
Office of City Attorney Date

City of Tacoma Review

TACOMA WATER

\_\_\_\_\_  
Greg Volkhardt Date  
Environmental Services Manager

\_\_\_\_\_  
Jodi Collins Date  
Financial Manager

\_\_\_\_\_  
John Haase Date  
Surveyor

FINANCE:

\_\_\_\_\_  
Andrew Cherullo Date  
Director of Finance



**EXHIBIT A**  
**(Legal Description of Seller's Property)**

Insert legal for Pierce County Parcels 0419133001, 0419132006 and 0419141000



**EXHIBIT B**  
**Graphic Depiction of Subject Property**

**EXHIBIT C**  
**Bargain and Sale Deed**  
**(FORM ONLY -- DO NOT SIGN)**

WHEN RECORDED RETURN TO:  
Pierce County Parks & Recreation Services  
Attn: Nicole Hill  
9112 Lakewood Drive SW, Suite 114  
Lakewood, WA 98499

**WASHINGTON COUNTY AUDITOR/RECORDER**  
**INDEXING FORM**

**Document Title:** BARGAIN AND SALE DEED

**Grantors:** CITY OF TACOMA, a municipal corporation  
and Washington First Class Charter City:

**Grantee:** PIERCE COUNTY, a municipal corporation and  
political subdivision of the state of Washington

**Abbreviated Legal:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Parcel Number(s):** 0419133001, 0419132006 and a portion of 0419141000

**BARGAIN AND SALE DEED**

GRANTOR, CITY OF TACOMA, a municipal corporation and Washington First Class Charter City, for and in consideration of TEN DOLLARS (\$10.00) in hand paid, and other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, bargains, sells and conveys to GRANTEE, PIERCE COUNTY, a municipal corporation and political subdivision of the state of Washington, in fee simple absolute, the real property in Pierce County, Washington, legally described in **Exhibit A** attached hereto and by this reference incorporated herein and subject only to the Permitted Exceptions set forth in **Exhibit B** attached hereto and by this reference incorporated herein.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2017.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF PIERCE        )

THIS IS TO CERTIFY that on this \_\_ day of \_\_\_\_\_, 2017, before me personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of the CITY OF TACOMA, a municipal corporation and Washington First Class Charter City, described in and that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the said instrument on behalf of said municipal corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

\_\_\_\_\_  
Notary Signature  
Printed Name: \_\_\_\_\_  
Notary Public in and for the State of Washington  
Washington, residing at: \_\_\_\_\_  
My Appointment Expires: \_\_\_\_\_

**EXHIBIT A  
(Legal Description)**

**EXHIBIT B**  
**(Permitted Exceptions)**

**EXHIBIT D**  
**(Pending Matters Addenda)**



## RESOLUTION NO. U-10974

1  
2 A RESOLUTION authorizing Tacoma Rail to enter into a Grant Agreement with  
3 Washington State Department of Transportation to install new grade  
4 crossing signal systems on SR 509 in Tacoma.

5 WHEREAS the City of Tacoma, Department of Public Utilities, Beltline  
6 Division (d.b.a. "Tacoma Rail"), requests approval to enter into a Grant  
7 Agreement ("Agreement") with Washington State Department of Transportation  
8 ("WSDOT") to install new grade crossing signal systems on the Northbound and  
9 Southbound lanes of SR 509, in Tacoma, and

10 WHEREAS WSDOT has identified two existing passive Highway-  
11 Railroad at Grade Crossings on SR-509 (Marine View Drive), numbered  
12 USDOT #917-955P and USDOT #852-620R, as locations where it desires that  
13 safety improvements be constructed and,  
14

15 WHEREAS Tacoma Rail was awarded a grant from WSDOT, numbered  
16 RRB-1185, for the installation of grade crossing signal systems(s) to include  
17 flashing LED lights intended to alert motorists when railroad equipment is  
18 occupying the highway-railroad grade crossing, and

19 WHEREAS, pursuant to 23 USC, Section 130, the Agreement provides  
20 for the reimbursement of Tacoma Rail's direct and associated project costs  
21 relating to the design, engineering, and construction of safety improvements at  
22 the two locations in an amount not to exceed \$2,500,000, and  
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WHEREAS it is in the best public interest to approve said Agreement, as required by Tacoma City Charter Section 4.11 and Chapter 39.34 RCW; Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Grant Agreement is accepted from Washington State Department of Transportation (#RRB-1185), and is hereby approved, providing for reimbursement of Tacoma Rail's costs related to the installation of new grade cross signal systems on SR-509 in an amount not to exceed \$2,500,000, and the City Council is requested to approve and authorize said Agreement and the proper officers are authorized to execute said agreement substantially in a form as approved by the City Attorney.

Approved as to form and legality:

William Foster  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_



CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

Request for Board Meeting  
of November 15, 2017

**REQUEST FOR RESOLUTION**

Date November 3, 2017

INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)

Tacoma Rail requests authorization to enter into a Grant agreement with WSDOT to install new grade crossing signal systems on SR 509 in Tacoma.

2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)

Tacoma Rail was awarded a Grant from the Washington State Department of Transportation numbered RRB 1185 to design, engineer, and install new signalized grade crossing systems on the Northbound and Southbound lanes of SR 509 – Marine View Drive in Tacoma, WA. The new signals are necessary to improve visibility to motorists on this heavily traveled highway. The WSDOT Grant, utilizing Section 130 funding, is in the amount of \$2,500,000.00 and intends to cover all project costs.

3. Summarized reason for resolution:

Tacoma Rail is requesting approval of this resolution as required by Tacoma City Charter Section 4.11, and Chapter 39.34 RCW.

4. Attachments:

A. WSDOT Grant Agreement number RRB 1185.

5.  Funds available

6. Deviations requiring special waivers: None

Originated by:

Alan Matheson

Requested by:

Dale W. King

Approved:

William A. Gaines



**TO:** Mayor Strickland and City Council  
**FROM:** William A. Gaines, Director of Tacoma Public Utilities *W. Gaines*  
**COPY:** Elizabeth Pauli, City Manager and City Clerk  
**SUBJECT:** Enter into a Highway Railroad Grade Crossing Agreement with Washington State Department of Transportation – November 28, 2017  
**DATE:** November 3, 2017

**SUMMARY:**

Tacoma Rail requests City Council approval to enter into an Agreement with the Washington State Department of Transportation for safety improvements at two railroad grade crossings on State Route 509 – Marine View Drive.

**STRATEGIC POLICY PRIORITY:**

- Strengthen and support public safety.

**BACKGROUND:**

The Washington State Department of Transportation (WSDOT) has identified two existing passive Highway-Railroad at Grade Crossings on SR-509 (Marine View Drive) numbered USDOT #917-955P and USDOT #852-620R as locations where it desires that safety improvements be constructed. Specifically, the installation of grade crossing signal system(s) to include flashing LED lights intended to alert motorists in Northbound and Southbound lanes when railroad equipment is occupying the highway-railroad grade crossing.

Pursuant to 23 USC, Section 130, the WSDOT Agreement numbered RRB-1185 provides for reimbursement of Tacoma Rail’s direct and associated project costs relating to the design, engineering, and construction of safety improvements at the two locations, up to an amount not to exceed Two-Million Five Hundred Thousand Dollars (\$2,500,000.00).

**ISSUE:**

The State has deemed it would be in the public’s best interest to install highway-railroad grade crossing signals at the locations identified above. The installation of highway-railroad grade crossing signals will make both grade crossings more visible to motorists traversing this segment of SR-509 when trains occupy the crossings, particularly at night.

**ALTERNATIVES:**

One option would be to reject the Agreement and associated grant funding. However, upon completion, these improvements will provide additional safety features for motorists traversing the Marine View Drive segment of SR-509.

**RECOMMENDATION:**

Consistent with Section 4.11 of the City Charter, Tacoma Rail recommends the City Council authorize execution of this Highway-Railroad Grade Crossing Grant Agreement in order to accept funding from the Washington State Department of Transportation.



**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4500 – Tacoma Rail	80021262		\$2,500,000.00
<b>TOTAL</b>			<b>\$2,500,000.00</b>

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
WSDOT			\$2,500,000.00
<b>TOTAL</b>			<b>\$2,500,000.00</b>

**POTENTIAL POSITION IMPACT:**

POSITION TITLE	PERMANENT/ PROJECT/ TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
<b>TOTAL</b>			

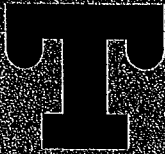
*This section should only be completed if a subsequent request will be made to increase or decrease the current position count.*

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** \$2,500,000.00 in Grant funding.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Although this specific project's grant revenue and expense wasn't planned for in this budget cycle, it is well within what is currently budgeted and anticipated.

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**

Expenditures are covered and budgeted. Tacoma Rail will comply with existing purchasing protocols to complete project design and engineering necessary to develop and advertise a project specification to install the safety enhancements.



TACOMA PUBLIC UTILITIES  
3628 South 35th Street  
Tacoma, Washington 98409-3192

November 3, 2017

To the Chair and members of the Public Utility Board and  
Mayor and members of the City Council:

**SUBJECT: WSDOT Highway-Railroad Grade Crossing Agreement Number RRB-1185**

**Request:**

Tacoma Rail requests approval to enter into a highway-railroad grade crossing agreement with the Washington State Department of Transportation, in the amount of \$2,500,000.00, attached as Exhibit B. The Agreement will be used to fund the installation of two new railroad grade crossing signal systems.

**Background:**

The Washington State Department of Transportation (WSDOT) has identified two existing passive Highway-Railroad at Grade Crossings on the Marine View Drive segment of SR-509 numbered USDOT #917-955P and USDOT #852-620R as locations where it desires that safety improvements be constructed. Specifically, the installation of grade crossing signal system(s) to include flashing LED lights intended to alert motorists in Northbound and Southbound lanes when railroad equipment is occupying the highway-railroad grade crossing.

Pursuant to 23 USC, Section 130, the WSDOT Agreement numbered RRB-1185 provides for reimbursement of Tacoma Rail's direct and associated project costs relating to the design, engineering, and construction of safety improvements at the two grade crossing locations, up to an amount not to exceed Two-Million Five Hundred Thousand Dollars (\$2,500,000.00).

**APPROVED:**

William A. Gaines  
Director of Utilities, CEO



**AGREEMENT Number RRB 1185**

**RAILROAD GRADE CROSSING AGREEMENT  
USDOT 917-955P and 852-620R  
State Route 509 (Marine View Drive) Mile Post 5.12 and 4.61  
Railroad Line Segment Tidelands Mile Post 3.10N and 3.66N**

This Agreement ("**Agreement**"), is executed to be effective as of this \_\_\_\_\_ day of \_\_\_\_\_, 2017 ("**Effective Date**"), by and between the City of Tacoma, Department of Public Utilities, Beltline Division dba Tacoma Public Utilities – Tacoma Rail, herein referred to as the "**RAILWAY**", and the Washington State Department of Transportation ("**WSDOT**" or "**STATE**").

**Description of Improvements and Division of Work**

A. Work to be performed by the RAILWAY, or its contractor, at STATE expense (Included in the Estimate of Cost):

**SR 509 (Marine View Drive) DOT #917-955P:** Upgrade existing passive public grade crossing to a signalized crossing with either shoulder mounted signal masts or a cantilevered style system. Both options would include LED flashers. Project scope will include design, engineering, installation of components, and peripherally related work intended to provide advance warning to motorists traversing the crossing.

**SR 509 (Marine View Drive) DOT #852-620R:** Upgrade existing passive public grade crossing to a signalized crossing with either shoulder mounted signal masts or a cantilevered style system. Both options would include LED flashers. Project scope will include design, engineering, installation of components, and peripherally related work intended to provide advance warning to motorists traversing the crossing.

B. Related work to be performed by the STATE, or its contractor, at STATE expense as needed and not included in the Estimate of Cost.

WHEREAS, the STATE desires that the above described improvements be constructed at the referenced locations, and

WHEREAS, it is deemed to be in the best public interest for the RAILWAY, as owners of the track or tracks, to perform specific work as herein described (Railroad Work"), and

WHEREAS, reimbursement by the STATE to the RAILWAY for costs incurred by the RAILWAY in undertaking the Railroad Work is pursuant to 23 USC, Section 130.

NOW THEREFORE, in consideration of the terms, conditions, covenants and performances contained herein, the above recitals that are incorporated herein as if set forth below, Exhibit A, attached hereto and made a part hereof, IT IS MUTUALLY AGREED AS FOLLOWS:

**ARTICLE 1 GENERAL**

All Railroad Work to be reimbursed by the STATE under this AGREEMENT, including work performed by the RAILWAY's consultants or contractors, will be subject to compliance with the applicable sections of 23 CFR Parts 646 (Subpart B) and 140 (Subpart I), which sections are incorporated hereby and made a part of this AGREEMENT.

**ARTICLE 2 SCOPE OF WORK**

The STATE and the RAILWAY will perform the work as set forth in the above "Description of Improvements and Division of Work." A plan labeled Exhibit A further describes the proposed improvements.

The RAILWAY will provide all work, labor, materials, and services to perform the Railroad Work. For all applicable materials necessary to perform the Railroad Work, the RAILWAY shall comply with the Buy America requirements under 23 U.S.C. 313. The RAILWAY shall provide materials certifications with each invoice for which payment is requested that affirms said materials comply with 23 U.S.C. 313.

For any work later designated to be performed by the STATE or its contractor, associated with the work described in this AGREEMENT, the RAILWAY hereby grants the STATE or its contractor permission to enter upon the RAILWAY's property for the purpose of performing said work.

**ARTICLE 3 AUTHORITY TO BEGIN WORK**

The RAILWAY agrees not to commence Railroad Work until receipt of notice to begin Work in writing by the STATE, and that reimbursement will be limited to those costs incurred subsequent to the date of such notification. The RAILWAY agrees to notify the STATE at least 14 calendar days prior to beginning Railroad Work.

**ARTICLE 4 PROTECTION OF RAILROAD PROPERTY DURING CONSTRUCTION**

All work herein provided for to be done by the STATE or its contractors on the RAILWAY's right of way shall be performed by the STATE or its contractors in a manner as not to interfere with the movement of trains or traffic upon the tracks of the RAILWAY. The STATE or its contractors, shall use all care and take precautionary measures necessary to avoid accidents, damage, or interference with the RAILWAY's right of way, tracks, trains, traffic using its tracks or the RAILWAY'S Operations and shall notify the RAILWAY at least 30 calendar days prior to performing work adjacent to any track to enable the RAILWAY to furnish flagging. The STATE shall reimburse the RAILWAY for the flagging and related cost thereof PURSUANT TO Section VII, below.

**ARTICLE 5 PROJECT COMPLETION**

Within 30 calendar days of completion of the Railroad Work, the RAILWAY will, by letter, notify the STATE that construction is substantially complete.

**ARTICLE 6 PAYMENT**

The STATE, in consideration of the faithful performance of the Railroad Work to be done by the RAILWAY, agrees to pay the RAILWAY actual direct and related indirect costs incurred in accordance with a work order accounting procedure as prescribed and approved by the ICC Uniform System of Accounts, or its equivalent.

An Itemized estimate of cost for the Railroad Work to be performed by the RAILWAY at the STATE's expense is shown on Exhibit A.

WSDOT Highway-Railroad Grade Crossing Agreement

Following execution of this AGREEMENT, progress invoices may be submitted to the STATE to cover costs incurred and the STATE shall pay such progress invoices within thirty (30) calendar days of receipt from the RAILWAY. If the invoices are disputed for any reason, the STATE will promptly notify the RAILWAY and will pay any undisputed amount. Progress invoices are not to be submitted more frequently than one (1) invoice per month.

Final and detailed invoices reflecting all incurred costs shall be prepared by the RAILWAY and submitted to the STATE within ninety (90) calendar days of completion of the RAILWAY's Work, and the STATE shall pay all eligible amounts of such invoices, less any progress payments previously made.

It is agreed that payment of any billing will not constitute agreement as to the appropriateness of any item and that at the time of any final audit, if required, all adjustments will be made and reflected in a final payment. In the event that such final audit reveals an overpayment to the RAILWAY, the RAILWAY agrees to refund such overpayment to the STATE.

During the progress of construction and for a period not less than three years from the date of final payment to the RAILWAY, the records and accounts pertaining to the construction of the project and accounting therefor are to be kept available for inspection and audit by the STATE and/or Federal Government and copies of all records, accounts, documents or other data pertaining to the project will be furnished upon request. If any litigation, claim, or audit is commenced, the records and accounts along with supporting documentation shall be retained until all litigation, claim or audit finding has been resolved even though such litigation, claim, or audit continues past the three-year retention period.

**ARTICLE 7 SALVAGE**

All material removed by the RAILWAY, which has been replaced at STATE expense, shall be reclaimed or disposed of by the RAILWAY and shall be credited to the STATE in accordance with 23 CFR Part 140.908.

**ARTICLE 8 MAINTENANCE OF FACILITY**

Upon completion of the Work, the RAILWAY, at its sole cost and expense, shall operate and maintain any railroad warning devices, crossings surfaces, or other elements of railroad infrastructure as required by federal and state regulatory requirements.

**ARTICLE 9 RELOCATION OF FACILITY**

In the event that either highway or railway changes will necessitate revisions of the signals by rearrangement, replacement or additions at the said location, the party whose changes cause said revisions will bear the entire cost of the same without obligation to the other.

**ARTICLE 10 DISPOSITION OF SIGNALS NO LONGER REQUIRED**

If for any reason the signals shall no longer be required at said grade crossing, the RAILWAY, on the approval of the STATE, may remove said signals. If in the opinion of the RAILWAY said signals are not obsolete, the Parties will determine if they can be used at some other state highway - railroad grade crossing. If the signals are either obsolete or may not be used at any state highway grade crossing, the RAILWAY will pay the STATE the salvage value for material not previously replaced by the RAILWAY during maintenance, less cost of removal.

#### **ARTICLE 11 INDEMNIFICATION**

The Parties shall protect, defend, indemnify, and hold harmless each other and their employees and authorized agents, from claims for damages arising from their respective acts of negligence while acting within the scope of their employment as such, including any and all costs, claims, judgments, and/or awards of damages (both to persons and/or property), arising out of, or in any way resulting from, the Work to be performed or performed pursuant to the provisions of this AGREEMENT. The Parties shall not be required to indemnify, defend, or save harmless the other Party if the claim, suit, or action for injuries, death, or damages (both to persons and/or property) if caused by the sole negligence of the other Party; provided that if such claims, suits, or actions result from the concurrent negligence of (a) the RAILWAY, its employees and authorized agents, and (b) the STATE, its employees or authorized agents, or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the negligence of each Party's, its employees, and/or authorized agents.

The Parties mutually and reciprocally waive any immunity they might have under the state industrial insurance laws, Title 51 RCW. This provision has been mutually negotiated by the Parties. This indemnification and waiver shall survive the termination of this Agreement.

#### **ARTICLE 12 PREVIOUS AGREEMENTS**

This AGREEMENT (including exhibits incorporated herein) is the full and complete agreement between the RAILWAY and STATE with respect to the subject matter herein and supersedes any and all other prior agreements between the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto.

#### **ARTICLE 13 MISCELLANEOUS PROVISIONS**

All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto, except that no party may assign any of its rights or obligations hereunder without the prior written consent of the other party.

No modification or amendment to this Agreement shall be valid until the same is reduced to writing and executed with the same formalities as were attendant to this Agreement.

In the event any party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this agreement, the parties hereto agree that any such action or proceedings shall be brought in a state court of competent jurisdiction situated in Thurston County, Washington or in the regionally appropriate United States District Court. This Agreement shall be interpreted in accordance with the laws of the State of Washington, unless such laws, rules, and regulations are preempted by applicable federal laws, rules, and regulations.

To the maximum extent possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law. If any provision of this Agreement is prohibited by, or held to be invalid under applicable law, such provision will be ineffective solely to the extent of such prohibition or invalidity, and the remainder of the provision will be enforceable.

This AGREEMENT shall inure to the benefit of and be binding on the parties hereto, their successors and assigns.





WSDOT Highway-Railroad Grade Crossing Agreement

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT as of the day and year first above written.


**RAILWAY**

By \_\_\_\_\_

Title Director, Public Utilities/GEO

Date \_\_\_\_\_

**STATE**

By 

Title Technical Services Mgr.

Date October 27, 2017

**RAILWAY (Cont.)**

By \_\_\_\_\_

Title Tacoma Rail Superintendent/COO

Date \_\_\_\_\_

By \_\_\_\_\_

Title Finance Director, City of Tacoma

Date \_\_\_\_\_

Approved as to form:

By \_\_\_\_\_

Title Deputy City Attorney

Date \_\_\_\_\_

**Tacoma Rail Marine View Drive Crossings**

**Exhibit A**

**Cost Estimate (Per Crossing)**

Tacoma Rail

Marine View Drive

USDOT 917955P/Manke Lumber and 852620R/Jones Chemical

- City of Tacoma and Tacoma Rail Engineering and Project Management: \$ 20,000
  - Invoices will have time charges per employee working on project
- Design Consultant: \$ 60,000
  - Supported by Invoices from consultant
- Right of Way Acquisition: \$ 30,000
  - Charges for possible easement rights for the installation of signal equipment
- Construction: \$ 940,000
  - Installation will conform to MUTCD and FRA standards
  - Cantilevers, foundations
  - All power and control systems
  - Buried wire and conduits
  - Utility relocation
  - Restriping of roadway, raised median with curb and gutter
  - Property restoration, roadway restoration, lighting adjustments
  - Construction survey, traffic control
- 20% Contingency: \$ 200,000

**Total Estimate (Per Crossing): \$1,250,000**

---

**Agreement Total Estimate \$2,500,000**

**WSDOT RAILROAD GRADE CROSSING  
DIAGNOSTIC TEAM REVIEW WORKSHEET\***

Reviewers: WSDOT (Connie Raezer, Joe Perez, Wayne Nash, David Biering) FHWA (Don Peterson) Railroad (Kyle Kellem, Lori Duval) UTC (Paul Curl, Betty Young)

Date: August 18, 2016

Location: SR 509 Mile Post 4.61 WSDOT Region Olympic Region

Railroad Tacoma Rail USDOT No. 852620R/Jones Chemical WSDOT PIN 350916B

**Highway Data**

No. of lanes in each direction: 2 in each direction (4), center turn lane

Are Sidewalks or bike paths present? Yes  No

ADT: 21,785 at mp 5.12 B - 2015 count Roadway Speed Limit: 40 mph posted

School bus route? Yes  No  Unknown  Count \_\_\_\_\_

Truck route? Yes  No  Unknown  Percent 7%

Hazmat transporters? Yes  No  Unknown

Crossing angle: 45 degrees

Approach curvature: none

Approach grades: level

- Evidence of scrape marks at the crossing from low vehicle clearance? Yes  No

Comments on highway data:

---

**Railway Data**

No. of Tracks: 1 Trains Per Day: 2 crossings (night) Stop and Protect

Train Speed Limit: 10 MPH

Approach curvature: \_\_\_\_\_

\* This report of survey is undertaken in order to comply with 23 United States Code Section 130. The use of this data is governed by 23 United States Code Section 409 and shall not be subject to discovery or admitted into evidence in a federal or state court proceeding or considered for other purposes in any action for damages arising from any occurrence at a location mentioned or addressed in such reports, surveys, schedules, lists, or data.

Passenger Trains? No

Comments on railway data

---

**Warning Devices (check all that apply)**

- Gates       Overhead flashing lights       Shoulder-mounted flashing lights  
 Crossbucks       # Tracks sign       Stop Bars

Are advance warning signs and pavement markings (including stop line) properly placed and in good condition?  
Yes  No

If "no" explain \_\_\_\_\_

Note the presence of other warning or regulatory signs associated with the crossing. For example:

- Stop or Yield       Exempt       Do Not Stop on Tracks       Skewed Crossing  
 Low Clearance       Other(s) W10-1 Advance

Warning \_\_\_\_\_

Is the USDOT number posted? Yes  No

Is an emergency notification phone number posted?      Yes       No

---

**Crossing Surface**

- Concrete       Asphalt       Timber       Rubber       Other \_\_\_\_\_

**Sight Distance**

Approach Sight Distance

Distance from the crossing along the opposing highway approach where the crossing becomes clearly visible: \_\_\_\_\_

**Clearing Sight Distance**

If the crossing has no gates, does the clearing sight distance meet the guidance criteria in Design Manual Figure 1350-1 (Case 1)?

**Sight Triangle**

If the crossing is passive, does the sign triangle meet the guidance criteria in Design Manual Figure 1350-1 (Case 2)?

---

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Is the crossing illuminated?    Yes  No

---

**Other Roadways**

Are there any roadway intersections in the vicinity of the crossing that may cause traffic to queue back over the tracks? Yes  No

If yes:

- What is the available storage space? \_\_\_\_\_

Are traffic signals located within 200 feet of the crossing or otherwise contributing to vehicle queues approaching the tracks?    Yes  No

If "yes", is Railroad Preemption provided? Yes     No

Comments/Observations

---

**Accident Data**

No. vehicle-train collisions in the last 5 years

Fatal   0  

Injury   3 (2013, 2012, 2011)  

Property Damage   3  

No. non-train-related vehicle collisions at crossing in the last 5 years

Fatal   0  

Injury   0  

Property Damage   2 (2013; 2014)  

No. pedestrian-related incidents in the last 5 years

Fatal   no known  

Injury   no known  

Information on reported near misses between vehicles and trains at the crossing

---

Other Notes

**Crossing Diagram**



**Recommendations/Action Items**

Preferred Option:

Install Cantilever RR Crossing signals that are activated by train crew upon approach.

Alternatives:

Install Span Wire mounted crossing signal activated by train crew

Install Traffic Signal for vehicle traffic on SR 509 that will be activated by train crew

Install active advanced warning devices

**Estimated Cost: \$682,880 (8/30/2016)**

PE - \$194,550

RW - \$31,830

Cont - \$516,500

**Milestone Dates: Project Defined 10/17/2016 – internal WSDOT process after Diagnostic Team recommendation**  
**Ad Date (Agreement Signed) 12/18/2017 \* note – agreement between TRL and WSDOT earlier to accommodate PE phase**

PE Phase 1/13/2016 – 2/26/2018

RW Phase 3/6/2017 – 1/22/2018

Const Phase 1/22/2018 – 8/27/2018

**WSDOT RAILROAD GRADE CROSSING  
DIAGNOSTIC TEAM REVIEW WORKSHEET\***

Reviewers: WSDOT (Connie Raezer, Joe Perez, Wayne Nash, David Biering) FHWA (Don Peterson) Railroad (Kyle Kellem, Lori Duval) UTC (Paul Curl, Betty Young)

Date: August 18, 2016

Location: SR 509 Mile Post 5.1 WSDOT Region Olympic

Railroad Tacoma Rail USDOT No. 917955P/Manke WSDOT PIN 350916C

---

**Highway Data**

No. of lanes in each direction: 2 lanes each direction with center turn lane

Are Sidewalks or bike paths present? Yes  No

ADT: 21,785 at mp 4.58 - 2015 count Roadway Speed Limit: 40 mph posted

School bus route? Yes  No  Unknown  Count \_\_\_\_\_

Truck route? Yes  No  Unknown  Percent 7 %

Hazmat transporters? Yes  No  Unknown

Crossing angle: 30 degrees

Approach curvature: none

Approach grades: level

• Evidence of scrape marks at the crossing from low vehicle clearance? Yes  No

Comments on highway data:  
\_\_\_\_\_

**Railway Data**

No. of Tracks: 1 Trains Per Day: 2 crossings - night moves Stop and Protect

Train Speed Limit: less than 10 MPH

Approach curvature: \_\_\_\_\_

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\* This report of survey is undertaken in order to comply with 23 United States Code Section 130. The use of this data is governed by 23 United States Code Section 409 and shall not be subject to discovery or admitted into evidence in a federal or state court proceeding or considered for other purposes in any action for damages arising from any occurrence at a location mentioned or addressed in such reports, surveys, schedules, lists, or data.



Passenger Trains? No

Comments on railway data

---

**Warning Devices (check all that apply)**

- Gates       Overhead flashing lights       Shoulder-mounted flashing lights  
 Crossbucks       # Tracks sign       Stop Bars

Are advance warning signs and pavement markings (including stop line) properly placed and in good condition?  
Yes  No

If "no" explain Stop bar appears to be within 15 feet of rail when observed from center of roadway, no field measurements taken. Road authority (Tacoma) should check and adjust during maintenance activities.

Note the presence of other warning or regulatory signs associated with the crossing. For example:

- Stop or Yield       Exempt       Do Not Stop on Tracks       Skewed Crossing  
 Low Clearance       Other(s) \_\_\_\_\_

Is the USDOT number posted? Yes  No

Is an emergency notification phone number posted? Yes  No

---

**Crossing Surface**

- Concrete       Asphalt       Timber       Rubber       Other \_\_\_\_\_

**Sight Distance**

Approach Sight Distance  
800 feet from S/B, 700 feet N/B

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Distance from the crossing along the opposing highway approach where the crossing becomes clearly visible: \_\_\_\_\_

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**Clearing Sight Distance**

If the crossing has no gates, does the clearing sight distance meet the guidance criteria in Design Manual Figure 1350-1 (Case 1)?

---

**Sight Triangle**

If the crossing is passive, does the sign triangle meet the guidance criteria in Design Manual Figure 1350-1 (Case 2)?

---

---

Is the crossing illuminated? Yes  No

---

**Other Roadways**

Are there any roadway intersections in the vicinity of the crossing that may cause traffic to queue back over the tracks? Yes  No

If yes:

- What is the available storage space? \_\_\_\_\_

Are traffic signals located within 200 feet of the crossing or otherwise contributing to vehicle queues approaching the tracks? Yes  No

If "yes", is Railroad Preemption provided? Yes  No

Comments/Observations

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**Accident Data**

No. vehicle-train collisions in the last 5 years

Fatal \_\_\_\_\_

Injury \_\_\_\_\_

Property Damage \_\_\_\_\_

No. non-train-related vehicle collisions at crossing in the last 5 years

Fatal 0

Injury 1 (2012)

Property Damage 3

No. pedestrian-related incidents in the last 5 years

Fatal no known

Injury no known

Information on reported near misses between vehicles and trains at the crossing

---





## RESOLUTION NO. U-10975

1  
2 A RESOLUTION related to Tacoma Rail; authorizing the reissuance of  
3 TMBL 8807 and TRMW 8000 series freight switching tariffs; as well as  
4 the TMBL 6004 series demurrage tariff.

5 WHEREAS the Department of Public Utilities, Bellline Division (d.b.a.  
6 "Tacoma Rail"), recommends Public Utility Board approval of adjustments to  
7 charges related to freight switching and requests authority to reissue its freight  
8 switching tariff TMBL 8807 and TRMW 8000, incorporating such adjustments,  
9 as on file with the Clerk of the Board, and

10 WHEREAS the switching tariffs define the line haul and miscellaneous  
11 switching charges allocated to the movement of railcars and include a rate  
12 increase of \$10 for unit train line haul traffic, a \$150 line haul rate increase for  
13 Positive Train Control (PTC) enabled divisions and a 3 percent increase on  
14 general TRMW switching fees, and

15 WHEREAS the demurrage tariff establishes rates, credits and  
16 exemptions for the application of railcar demurrage. The proposed demurrage  
17 tariff adds Saturdays as being exempt from being demurrage day while  
18 changing the daily rate from \$50 to \$60. Sundays and holidays are exempt in  
19 the current tariff. The demurrage tariff rate and schedule hasn't changed since  
20 1998, when the demurrage tariff was established, and

21 WHEREAS Section 4.11 of the Tacoma City Charter requires that all  
22 matters related to the fixing of rates and charges for utility services shall be  
23 initiated by the Board and approved by the City Council, and  
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25  
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WHEREAS Tacoma Rail believes it is in the best interests of its customers and the citizens of Tacoma that the recommended freight switching tariffs and demurrage tariff be approved; Now, Therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

The proposed revisions to the Tacoma Rail Freight Switching Tariff TMBL 8807, TRMW 8000, and Demurrage Tariff TMBL 6604 series are hereby approved, and the City Council is requested to pass an ordinance approving such revisions effective January 1, 2018, and authorize the publication thereof substantially in the form as that on file with the Clerk of the Board and in final form to be approved by the City Attorney.

Approved as to form and legality:

William Feshe  
Chief Deputy City Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Clerk

Adopted \_\_\_\_\_

Request for Board meeting

CITY OF TACOMA  
DEPARTMENT OF PUBLIC UTILITIES

of November 15, 2017

**REQUEST FOR RESOLUTION**

Date: November 3, 2017

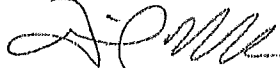
INSTRUCTIONS: File request in the Office of the Director of Utilities as soon as possible but not later than nine working days prior to the Board meeting at which it is to be introduced. Completion Instructions are contained in Administrative Policy POL-104.

1. Summary title for Utility Board agenda: (not to exceed twenty-five words)  
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.
  
2. A resolution is requested to: (brief description of action to be taken, by whom, where, cost, etc.)  
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.
  
3. Summarized reason for resolution:  
Tacoma Rail requests approval of this resolution as required by Tacoma City Charter Section 4.11, which stipulates Public Utility Board and City Council approvals are necessary for the fixing of rates and charges for utility services.
  
  
  
  
  
  
  
  
  
  
4. Attachments:
  - a. Letter from William A. Gaines, Director of Utilities
  - b. Tacoma Rail Freight Tariff TMBL 8807-H
  - c. Tacoma Rail Freight Tariff TRMW 8000-A
  - d. Tacoma Rail Demurrage Tariff TRMW 6004-C

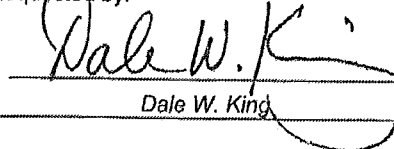
5.  Funds available       Proposed action has no budgetary impact

6. Deviations requiring special waivers:  
N/A

Originated by:

  
\_\_\_\_\_  
Daniel McCabe

Requested by:

  
\_\_\_\_\_  
Dale W. King

Approved:

  
\_\_\_\_\_  
William A. Gaines



**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:**

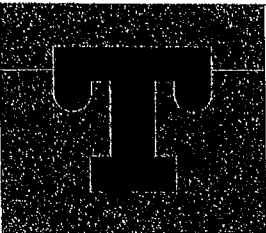
One alternative is no change, which is not viewed as the most fiscally responsible approach for Tacoma Rail or its customers.

**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.



TACOMA PUBLIC UTILITIES  
 3628 South 35th Street  
 Tacoma, Washington 98409-3192

November 3, 2017

To Chair Trudnowski and Members of the Public Utility Board and  
 Mayor Strickland and Members of City Council:

SUBJECT: Reissue Tacoma Rail's Switching and Demurrage Tariffs

**Request:**


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.

**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 rates associated with unit train line haul traffic series were last updated in 2015. Tacoma Rail Mountain Division's TRMW tariff was last updated in 2009. 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 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.

**APPROVED:**

  
 \_\_\_\_\_  
 William A. Gaines  
 Director of Utilities/CEO





**TACOMA MUNICIPAL BELT LINE RAILWAY**

**FREIGHT TARIFF TMBL 6004-C**

Supersedes and Cancels TMBL 6004-B (Including all supplements)

[WWW.TACOMARAIL.COM](http://WWW.TACOMARAIL.COM)

**NAMING**

**DEMURRAGE RULES AND CHARGES**

**APPLYING AT ALL LOCATIONS ON THE  
TACOMA MUNICIPAL BELT LINE RAILWAY (TMBL)  
and  
TACOMA RAIL MOUNTAIN DIVISION (TRMW)**

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This tariff is also applicable on export, import, interstate and intrastate traffic;  
except where expressly provided to the contrary in connection with particular  
items.

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ISSUED: December 1, 2017

EFFECTIVE: January 1, 2018

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Dale W. King, Superintendent  
2601 SR 509 North Frontage Road  
Tacoma, WA 98421

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ITEM	SECTION 1: GENERAL INFORMATION
1	<p><b>CANCELATION NOTICE:</b></p> <p>This tariff cancels tariff FT TMBL 6004-B, including all previous supplements, as of the effective date of this tariff. Provisions not carried forward are hereby cancelled.</p>
2	<p><b>CHANGE IN PROVISIONS OF TARIFF:</b></p> <p>Tacoma Rail reserves the right at any time to change the provisions of this publication; provided, however, any such change shall be effective only with regard to any transportation services provided under the publication for freight tendered after the effective date of the changes. Tacoma Rail will make available on its web site this publication in the latest amended form. Shipper(s) should review this publication before tendering freight to Tacoma Rail. Revisions to this publication will be made from time to time by reissuing the publication in its entirety. Notification via email and / or US mail will be sent to notify customers of updates and changes. There will be only one supplement to this tariff in effect at any time. Any item contained in a prior supplement will be brought forward to subsequent supplements. Charges published herein are subject to increase by republication.</p>
5	<p><b>PARTICIPATING CARRIERS:</b></p> <p><b>TACOMA MUNICIPAL BELT LINE RAILWAY</b>      Abbreviation: TMBL</p> <p><b>TACOMA RAIL MOUNTAIN DIVISION</b>      Abbreviation: TRMW</p> <p>Provisions of this tariff apply to all stations of the above carriers, except when an item refers to only specific carriers or stations.</p>
10	<p><b>REFERENCE TO TARIFFS, ITEMS, NOTES, RULES, ETC.</b></p> <p>This publication is available on the Internet for viewing or printing at <a href="http://www.tacomarail.com">www.tacomarail.com</a>. All customers shipping with Tacoma Rail should review the publications posted on the website before tendering freight to or from the railroad as revisions to the publications will be made from time to time by supplement or reissuing the publications in its entirety.</p> <p>If you are not equipped to obtain a copy of this publication from Tacoma Rail's web site, a hard copy will be mailed to you, provided you furnish, to the address shown below, a formal written request for a printed copy specifying the specific tariff number. This formal request is required on an annual basis in accordance with the Surface Transportation Board's policy decision under Ex Parte 528, Disclosure, Publication and Notice of Change of Rates and Other Service Terms for Rail Common Carriage.</p> <p><b>An administration fee of \$25.00 will be assessed for those who wish to receive a hard copy.</b></p> <p>Tacoma Rail      Attn: Demurrage Administration – Tariff Requests      509 North Frontage Road      Tacoma, WA 98421</p> <p>Where reference is made in this tariff to other tariffs, items, notes, rules, etc.; such references are continuous and include supplements to and successive issues of such tariffs, and reissues of such items, notes, rules, etc.</p>

ISSUED: December 1, 2017

EFFECTIVE: January 1, 2018

ISSUED BY: Tacoma Rail, 2601 SR 509 North Frontage Road, Tacoma, WA 98421

	<p>The Surface Transportation Board (STB) decision amends the Code of Federal Regulations Title 49 to indicate that any person receiving railcars from a rail carrier, for loading or unloading in the United States, may be held responsible for asset use charges. Examples of such "person" include warehouses, distribution centers, care of parties, third parties, Ports, etc. As set forth in Appendix A to the decision, the regulations (49 C.F.R. 1333) provide that:</p> <p><i>"Any person receiving rail cars from a rail carrier for loading or unloading who detains the cars beyond the period of free time set forth in the governing demurrage tariff may be held liable for demurrage if the carrier has provided that person with actual notice of the demurrage tariff providing for such liability prior to the placement of rail cars. The notice required by this section shall be in written or electronic form."</i></p> <p>The decision is available for review on the STB's website: <a href="http://www.stb.dot.gov">http://www.stb.dot.gov</a></p>
20	<p><b>STATION LISTS AND CONDITIONS</b></p> <p>This tariff is governed by the Official List of Open and Prepay Railroad Stations, OPSL 6000 series, to the extent shown below:</p> <p><b>PREPAY REQUIREMENTS AND STATION CONDITIONS</b></p> <p>For additions and abandonment of stations, and except as otherwise shown herein, for prepay requirements, changes in the names of stations, restrictions as to the acceptance or delivery of freight and changes in station facilities. When a station is abandoned as of a date specified in the above named tariff, the rates from and to that station published in this tariff are inapplicable on or after that date.</p>
30	<p><b>CONSECUTIVE NUMBERS</b></p> <p>Where consecutive numbers are represented in this tariff by the first and last numbers connected by the word "to" or a hyphen, they will be understood to include both the numbers shown.</p>
40	<p><b>CAPACITIES AND DIMENSIONS OF RAILCARS</b></p> <p>For marked capacities, lengths, dimensions and cubical capacities of railcars, refer to The Official Railway Equipment Register published quarterly by the R.E.R. Publishing Corporation.</p>
50	<p><b>NATIONAL SERVICE ORDER TARIFF</b></p> <p>This tariff is subject to the provisions of the various Surface Transportation Board Service Orders and General Permits as shown in National Service Order Tariff STB NSO 6100 series.</p>
60	<p><b>CURRENCY &amp; PAYMENT TERMS</b></p> <p>Charges published herein are stated in United States Dollars. Charges that accrue per this tariff are due and payable 30 days from date of invoice. ACH is the preferred method of payment. Please contact demurrage administrator for current ACH banking information.</p>
85	<p><b>TRANSPORTATION</b></p> <p>Tacoma Rail agrees to transport shipments with reasonable dispatch according to a pre-determined service schedule. Bunching and run around will not be considered railroad error and no allowance will be made.</p>

<p>90</p>	<p><b>GENERAL APPLICATION</b></p> <p>Applicable at all points/stations on Tacoma Rail (TMBL &amp; TRMW) for all railcars constructively or actually placed on or after the effective date of this tariff.</p> <p>Rates in this tariff apply in addition to otherwise applicable freight charges lawfully published or on file, and shall accrue solely to the carrier participating in this tariff. This publication takes precedence over any other domestic interstate, intrastate, export or import publication containing rules, regulations and charges on demurrage for the account of Tacoma Rail.</p> <p>The disposition of a railcar at its point of detention determines the purpose for which the railcar is held and the demurrage rules to be applied. Railcars subject to demurrage will fall into one of the following transaction types:</p> <ul style="list-style-type: none"> <li>• Railcars held for loading - See Item 210</li> <li>• Railcars held for unloading - See Item 220</li> <li>• Railroad cars held for other purposes - See Item 230</li> <li>• Empty railcars ordered and not used - See Item 240</li> <li>• Private railcars held on railroad tracks - See Item 250</li> <li>• Refused loaded railcars and railcars rejected as being unsuitable for loading -- See Item 260</li> </ul> <p>Demurrage will be calculated each calendar month for railcars released during the month.</p>
<p>100</p>	<p><b>RAILCARS SUBJECT TO DEMURRAGE</b></p> <p>This applies to all customers served by Tacoma Rail and covers all railroad and private marked freight railcars(s), including idler railcars, delivered or held for or by customer(s) <b>EXCEPT as follows:</b></p> <ol style="list-style-type: none"> <li>A. Railcars for loading or unloading of Tacoma Rail company material while held on Tacoma Rail tracks or private sidings of carrier.</li> <li>B. Railcars covered by separate storage agreement.</li> <li>C. Railcars of railroad ownership, leased for storage of commodities, while held on lessee's tracks.</li> <li>D. Loaded or empty private railcars on private owned or leased tracks.</li> <li>E. Railcars used for the purpose of testing loading or unloading procedures, new types of dunnage, or new types of equipment, as authorized by Tacoma Rail.</li> <li>F. All uni-level, bi-level and/or tri-level railcars used in the transportation of motor vehicles.</li> <li>G. Railcars used for shipment of containers or trallers on flat cars (TOFC/COFC).</li> <li>H. Empty railcars ordered and rejected as unsuitable for loading after 48 hours following order date, constructive placement date, or actual placement date.</li> <li>I. The time period in which railcars are deemed under repair after interchange and before tender.</li> </ol>
<p>110</p>	<p><b>NOTIFICATION PROVIDED BY TACOMA RAIL TO CUSTOMER</b></p> <p>Daily: Notification will be given either electronically, verbally, or in writing, and will contain the following information at a minimum:</p> <ul style="list-style-type: none"> <li>• Railcar initials and number</li> </ul>

	<ul style="list-style-type: none"> <li>• Commodity</li> <li>• Location</li> <li>• Date and time of interchange</li> </ul>
<p><b>120</b></p>	<p><b>NOTIFICATION PROVIDED BY CUSTOMER TO TACOMA RAIL</b></p> <p>Tacoma Rail personnel and/or electronic systems are on duty 24 hours a day, seven days a week, to receive forwarding instructions, empty release information, or other disposition of railcars. Notification may be provided via internet, fax or telephone. The notification date and time is recorded and will govern any applicable demurrage charges.</p> <p>Notice may be provided to Tacoma Rail as follows:</p> <ol style="list-style-type: none"> <li>1. <b>Preferred</b> method of contact is by internet at: <a href="http://www.tacomarail.com">http://www.tacomarail.com</a></li> <li>2. Alternative method of contact is by fax at: 253-922-5679</li> <li>3. As a last resort, contact may also be made by telephone at: 253-396-3290</li> </ol> <p>Tacoma Rail records will govern all disputes for telephone communication. It is recommended that all phone requests be followed up with a fax.</p> <p>When a customer releases a railcar, all doors must be secured, all dock plates removed, all hoses, chutes, or pipes removed, all chains tied or removed, all banding removed and railcar is in general working order. If, upon inspection by Tacoma Rail personnel, this is not done, the railcar will not be considered released for demurrage purposes. A release of the railcar will be interpreted as confirmation that the railcar is safe and in proper position to move by Tacoma Rail train crews.</p>
<p><b>130</b></p>	<p><b>EARLY RELEASE OF RAILCAR PLACED FOR LOADING OR UNLOADING</b></p> <p>When Tacoma Rail receives notification that a railcar is ready to be released and Tacoma Rail is unable to remove the railcar(s) because the loading or unloading of the railcar(s) has not been completed, or for other reasons not attributable to Tacoma Rail, the railcar(s) will remain on demurrage as if the release had not been instructed.</p>
<p><b>140</b></p>	<p><b>DEMURRAGE ADMINISTRATOR CONTACT INFORMATION</b></p> <p>Email: <a href="mailto:kjackson@cityoftacoma.org">kjackson@cityoftacoma.org</a> or the latest email available at <a href="http://www.tacomarail.com">www.tacomarail.com</a></p> <p>Fax: 253-396-3160</p> <p>Mail: Tacoma Rail Attn: Demurrage Administration – Tariff Requests 509 North Frontage Road Tacoma, WA 98421</p>
<p><b>150</b></p>	<p><b>DEMURRAGE PLAN SELECTION</b></p> <p>All customers default to Demurrage Plan 1 - Mixed. Demurrage plan changes can be made through notification to the Demurrage Administrator more than twenty (20) days prior to the beginning of a month in which the new plan is to take effect. Only one demurrage plan will be active during any given month. The active demurrage plan is applied to railcars on railroad receipt.</p>

ITEM	SECTION 2: GENERAL DEMURRAGE RULES
210	<p><b>RAILCARS HELD FOR LOADING</b></p> <p>COMPUTATION: Demurrage time will be computed from the first 8:00 am after tender until release.</p> <p>TENDER: Railcars are considered tendered to the customer upon either notification, actual placement, or constructive placement of an empty railcar(s).</p> <p>RELEASE: The date and time forwarding instructions are received by Tacoma Rail, will constitute an Operational Release and a Demurrage Release.</p> <p>Railcars found to be improperly loaded or overloaded will not be considered released until the load has been adjusted properly.</p> <p>When the same railcar is unloaded and reloaded, empty release information must be furnished. On reloaded railcars, time will be computed from the first 8:00 am after notification is received that the railcar is empty until released as a load. If not furnished, demurrage will continue until forwarding instructions are received.</p> <p>CREDITS: Two (2) credits will be allowed for each railcar.</p>
220	<p><b>RAILCARS HELD FOR UNLOADING</b></p> <p>COMPUTATION: Demurrage time will be computed from the first 8:00 am after tender until release.</p> <p>TENDER: Railcars are considered tendered to the customer upon either notification, actual placement, or constructive placement of an empty railcar(s).</p> <p>RELEASE: The date and time forwarding instructions are received by Tacoma Rail will constitute an Operational Release and a Demurrage Release.</p> <p>In order for a railcar to be considered empty, all dunnage and packing material must be removed from the car, all load securing devices must be properly stored and all doors, gates, and hatches must be closed and secured.</p> <p>CREDITS: Three (3) credits will be allowed for each railcar.</p>
230	<p><b>RAILCARS HELD FOR OTHER PURPOSES</b></p> <p>Applicable to railcars held:</p> <ul style="list-style-type: none"> <li>• On orders of Tacoma Rail's customer.</li> <li>• While awaiting disposition from Tacoma Rail's customer.</li> <li>• As a result of conditions attributable to Tacoma Rail's customer.</li> </ul> <p>COMPUTATION: Demurrage time will be computed from the first 8:00 am after tender until release.</p> <ul style="list-style-type: none"> <li>• After tender until release on railcars including, but not limited to:             <ul style="list-style-type: none"> <li>○ Railcars held empty for loading, ordered, and not used (other than rejected railcar(s))</li> <li>○ Diverted, reshipped, re-consigned, stopped in transit, or partially unloaded</li> <li>○ Railcars held awaiting payment of accrued charges at origin or destination</li> <li>○ Railcars held for official grading or inspection</li> <li>○ Railcar(s) held for any other purpose, except as covered in items 210, 220, 240, 250 and 260, not attributable to Tacoma Rail.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• After railcars are received by Tacoma Rail until date of disposition on:             <ul style="list-style-type: none"> <li>○ Railcars received from connecting carriers.</li> <li>○ Private railcars returned to railroad tracks.</li> </ul> </li> </ul> <p>TENDER: Railcars are considered tendered to the customer upon either notification, actual placement, or constructive placement of a railcar(s).</p> <p>RELEASE: The date and time forwarding instructions are received by Tacoma Rail will constitute an Operational Release and a Demurrage Release.</p> <p>CREDITS: No credits will be allowed.</p>
<p><b>240</b></p>	<p><b>RAILCARS HELD FOR LOADING AND NOT USED</b></p> <p>This item does not apply to empty railcars rejected by customer as unfit for loading, provided Tacoma Rail has been notified within 24 hours of tender (see item 260).</p> <p>COMPUTATION: Time will be computed from the first 8:00 am after tender until release.</p> <p>TENDER: Railcars are considered tendered to the customer upon either notification, actual placement, or constructive placement of an empty railcar(s).</p> <p>RELEASE: The date and time forwarding instructions are received by Tacoma Rail will constitute an Operational Release and a Demurrage Release.</p> <p>CREDITS: No credits will be allowed.</p>
<p><b>250</b></p>	<p><b>PRIVATE RAILCARS HELD FOR LOADING ON RAILROAD TRACKS</b></p> <p>COMPUTATION: Time will be computed from the first 8:00 am after tender until placement upon private tracks.</p> <p>TENDER: Railcars are tendered upon constructive placement of a railcar on track owned or leased by Tacoma Rail and not considered private track.</p> <p>RELEASE: Placement of railcar on private track will constitute a Demurrage Release.</p> <p>CREDITS: Two (2) credits will be allowed for each railcar.</p>
<p><b>255</b></p>	<p><b>PRIVATE RAILCARS HELD FOR UNLOADING ON RAILROAD TRACKS</b></p> <p>COMPUTATION: Time will be computed from the first 8:00 am after tender until placement upon private tracks.</p> <p>TENDER: Railcars are tendered upon constructive placement of a railcar on track owned or leased by Tacoma Rail and not considered private track.</p> <p>RELEASE: Placement of railcar on private track will constitute a Demurrage Release.</p> <p>CREDITS: Two (2) credits will be allowed for each railcar.</p>
<p><b>260</b></p>	<p><b>REFUSED LOADED RAILCARS AND RAILCARS REJECTED AS BEING UNSUITABLE FOR LOADING</b></p> <p>COMPUTATION: Time will be computed from the first 8:00 am after tender until release. Release notification must be provided within one (1) demurrage day, otherwise item 210 or item 220 applies.</p> <p>TENDER: Railcars are considered tendered to the customer upon either notification, actual placement, or constructive placement of an empty railcar(s).</p>



	<p>RELEASE: The date and time forwarding instructions are received by Tacoma Rail will constitute an Operational Release and a Demurrage Release.</p> <p>CREDITS: One (1) credit will be allowed for each railcar.</p>
<b>ITEM</b>	<b>SECTION 3: DEMURRAGE PLAN 1 – MIXED – APPLICATION &amp; CHARGES</b>
<b>300</b>	<p><b>APPLICATION</b></p> <p>This Section applies as the default demurrage plan. It can apply to both Order-In or Spot on Arrival customers.</p> <p>Except where otherwise provided herein, Demurrage Charges contained in this section apply to all railroad or privately owned or controlled railcars held by or for Tacoma Rail customers for any purpose.</p>
<b>310</b>	<p><b>DEMURRAGE PLAN AND PRICES</b></p> <p>Settlement of charges will be made on a monthly basis on all railcars released during each calendar month. Demurrage will be assessed at the rate of \$60.00 per demurrage day.</p> <p>Demurrage on all railcars will be assessed against the customer located on Tacoma Rail and depending upon the railcar's disposition. The customer shall be solely responsible for payment of charges. Any redistribution of the costs to third parties shall be the responsibility of Tacoma Rail's customer.</p> <p>The demurrage rate in effect on a railcar's release date will be used in calculating demurrage.</p> <p>Credits earned and demurrage days accrued by customers having facilities at separate stations cannot be combined.</p> <p><b>APPLICABLE CREDITS:</b></p> <p>Credits earned and demurrage days accrued will be calculated separately for the following transactions:</p> <ol style="list-style-type: none"> <li>1. Railcars held for loading (Item 210)</li> <li>2. Railcars held for unloading (Item 220)</li> <li>3. Railcars held for other purposes (Item 230)</li> <li>4. Railcars held for loading and not used (Item 240)</li> <li>5. Private railcars held on railroad tracks (Item 250)</li> <li>6. Refused loaded railcars and railcars rejected as being unsuitable for loading (Item 260)</li> </ol> <p>If rail service is three (3) days or less per week (Sunday – Saturday) one extra credit will be provided above the standard demurrage credit.</p> <p>Excess credits earned for one demurrage transaction cannot be used to offset demurrage days on another type of demurrage transaction. Excess credits earned in one calendar month may not be used to offset demurrage days in another calendar month. Excess credits earned cannot be used to offset demurrage between loading and unloading demurrage days.</p> <p><b>CALCULATION OF CHARGES:</b></p> <ol style="list-style-type: none"> <li>1. Total demurrage days for all railcars released will be added to determine total demurrage days.</li> <li>2. Total credits for all railcars released will be added, including credits for Sundays, holidays and extra credits granted for missed switches or other reasons authorized by Tacoma Rail.</li> </ol>

	<p>3. If total credits exceed total demurrage days, demurrage charges will not be assessed.</p> <p>4. If total demurrage days exceed the total credits, calculation of charges will be made as follows:</p> <ul style="list-style-type: none"> <li>a. Subtract number of total credits from total demurrage days to determine chargeable days.</li> <li>b. The number of chargeable days will be assessed \$60.00 per day.</li> </ul>
<b>ITEM</b>	<b>SECTION 4: DEMURRAGE PLAN 2 – STRAIGHT – APPLICATION &amp; CHARGES</b>
<b>400</b>	<p><b>APPLICATION</b></p> <p>This Section applies when customer chooses Demurrage Plan 2 – Straight Demurrage. The Straight Demurrage plan is only applicable to Order In customers.</p> <p>Except where otherwise provided herein, Demurrage Charges contained in this section apply to all railroad or privately owned or controlled railcars held by or for Tacoma Rail customers for any purpose.</p>
<b>410</b>	<p><b>DEMURRAGE PLAN AND PRICES</b></p> <p>Settlement of charges will be made on a monthly basis on all railcars released during each calendar month. Demurrage will be assessed at the rate of \$60.00 per demurrage day.</p> <p>Demurrage on all railcars will be assessed against the customer located on Tacoma Rail and depending upon the railcar's disposition. The customer shall be solely responsible for payment of charges. Redistribution of the costs to third parties shall be the responsibility of Tacoma Rail's customer.</p> <p>The demurrage rate in effect on a railcar's release date will be used in calculating demurrage. Credits earned and demurrage days accrued by customers having facilities at separate stations cannot be combined.</p> <p><b>APPLICABLE CREDITS:</b></p> <p>Credits earned and demurrage days accrued will be calculated separately for each railcar under the following transactions:</p> <ul style="list-style-type: none"> <li>1. Railcars held for loading (Item 210)</li> <li>2. Railcars held for unloading (Item 220)</li> <li>3. Railcars held for other purposes (Item 230)</li> <li>4. Railcars held for loading and not used (Item 240)</li> <li>5. Private railcars held on railroad tracks (Item 250)</li> <li>6. Refused loaded railcars and railcars rejected as being unsuitable for loading (Item 260)</li> </ul> <p>If rail service is three (3) days or less per week (Sunday – Saturday) one extra credit will be provided above the standard demurrage credit.</p> <p><b>CALCULATION OF CHARGES:</b></p> <ul style="list-style-type: none"> <li>1. Demurrage days for each railcar released will be offset by applicable credits per railcar.</li> <li>2. If credits exceed demurrage days for each railcar released, demurrage charges will not be assessed.</li> <li>3. If demurrage days for any railcar exceeds its credits, calculation of charges will be made as follows:</li> </ul>

	<ul style="list-style-type: none"> <li>a. Subtract number of credits from demurrage days to determine chargeable days for each railcar.</li> <li>b. The number of chargeable days will be assessed at \$60.00 each.</li> </ul>
<b>ITEM</b>	<b>SECTION 5: DEMURRAGE DISPUTES AND PERMISSIBLE RELIEF</b>
<b>800</b>	<p><b>APPLICATION</b></p> <p>This Section applies to both Section 3 and Section 4 demurrage plans and prices.</p>
<b>810</b>	<p><b>DEMURRAGE CLAIM DISPUTES &amp; CLAIM HANDLING</b></p> <p>In the event that a customer disputes demurrage charges received in an invoice, the following procedures must be followed in order to be granted relief:</p> <ol style="list-style-type: none"> <li>1. The claim must be presented to Tacoma Rail, in writing, within thirty (30) days of the invoice billing date with supporting documentation. If a dispute is not received within this time, the bill will be considered valid and must be paid by the invoice due date. Claims filed after this date will be declined.</li> <li>2. The dispute must be specific in nature, identifying contested railcars or groups of railcars by initial, number, and location. Also, the claim must fully state the conditions for which relief is claimed and must be related to time of actual or constructive placement, release, or application of the rules contained in this tariff.</li> <li>3. The dispute is required to be submitted on the approved Tacoma Rail form contained in this tariff, and submitted by email, letter or fax to the demurrage administrator.</li> <li>4. Customer must pay the entire invoiced amount by the due date to avoid late penalties.</li> <li>5. Tacoma Rail will respond within 30 days of dispute receipt. If the dispute is invalid, Tacoma Rail will supply supporting documentation. If the dispute is found to be valid, or Tacoma Rail fails to respond in 30 days, credits will be issued.</li> </ol>
<b>820</b>	<p><b>CREDITS PERMISSABLE FOR RELIEF OF DEMURRAGE CHARGES</b></p> <p>In order to be allowed relief as indicated, the proper documentation must be submitted to Tacoma Rail thirty (30) days from the issue date of the invoice in question. Disputes filed after thirty (30) days will be declined. The dispute must contain a comprehensive explanation of why relief is claimed.</p> <ol style="list-style-type: none"> <li>1. Railroad Error: If, through railroad error, demurrage charges are assessed, demurrage will be adjusted to the amount that would have accrued but for such error. Run around and bunching of cars will not be considered as a railroad error.</li> <li>2. Weather Interference: In situations where Tacoma Rail is precluded from reaching customer's siding/facility due to ACTS of GOD, including but not limited to: earthquakes, tornadoes, hurricanes, floods, heavy snow, or other severe weather or climatic conditions, and the operations of Tacoma Rail are disrupted, demurrage will be waived, provided the disruption exceeds two (2) days in duration.</li> <li>3. Strike Interference: When it is impossible to load or unload or receive cars from or make cars available to Tacoma Rail because of strike interference, at the point where the loading or unloading is to be accomplished, demurrage days will be charged at the rate of \$30.00 per day during the period of strike interference, provided: <ul style="list-style-type: none"> <li>a. The disruption exceeds five (5) days in duration during one calendar month.</li> </ul> </li> </ol>

	<p>b. The provisions of this item will not apply to:</p> <ul style="list-style-type: none"> <li>• Railcars for unloading when waybills are dated four (4) days after the beginning of strike interference.</li> <li>• Railcars for loading when ordered after the beginning and prior to the ending of strike interference.</li> </ul> <p>4. Switching Delays: Credit(s) will be calculated and applicable for missed switches and late switches. Late switch credits will be applicable for railcars actually placed on the order day requested. Missed switch credits will be applicable to all demurrage tendered railcars for all day(s) after the requested placement order day, but not including the day for which the railcar is actually placed.</p>
<p><b>830</b></p>	<p><b>CREDITS NOT PERMISSABLE FOR RELIEF OF DEMURRAGE CHARGES</b></p> <p>In order to be allowed relief, proper documentation must be submitted to Tacoma Rail within thirty (30) days of the issue date of the invoice in question. The dispute must contain a comprehensive explanation of why relief is claimed. The following items do not qualify for relief:</p> <ol style="list-style-type: none"> <li>1. Spot on arrival customers allow Tacoma Rail to choose which cars to spot to their industry based upon available capacity; therefore, credits will not be warranted when newer cars are spotted ahead of older cars.</li> <li>2. If, for any reason, a customer's facility / siding is in disrepair, not cleared of ice, snow, or other debris and if for any reason whatsoever, or in the event of a labor strike, Tacoma Rail is unable to perform switching to/from the customer's siding no relief of demurrage is warranted.</li> <li>3. Disputes filed after thirty (30) days.</li> </ol>
<p><b>ITEM</b></p>	<p><b>SECTION 6: GLOSSARY, ABBREVIATIONS &amp; REFERENCE</b></p>
<p><b>900</b></p>	<p><b>GLOSSARY OF TERMS</b></p> <p>The following definitions define and govern the provisions outlined in this tariff.</p> <p><b>ACT OF GOD</b> – An act occasioned by violence of nature which no reasonable human foresight, care, or diligence can anticipate or prevent.</p> <p><b>ACTUAL PLACEMENT</b> – When a railcar is placed in an accessible position for loading or unloading, or at a point designated by the shipper, consignor, consignee, or party loading or unloading the railcar.</p> <p><b>AMERICAN ASSOCIATION OF RAILROADS (AAR)</b> – An industry sponsored organization whose primary purpose is to set standards and rules for the North American Railroad Industry.</p> <p><b>ASSIGNED RAILCAR(S)</b> – The assignment of a railcar(s) to a given shipper at a specific location as defined in AAR Car Service Rule 16 and AAR Car Hire Rule 22 as published in the Official Railway Equipment Register (ORER).</p> <p><b>BILL OF LADING</b> – A carrier's contract and receipt for goods specifying that the carrier has received certain goods which it agrees to transport from one place to another, and to deliver to a designated person or assignee for such compensation and upon such conditions as are specified therein. Ladings are designated "Straight" and "Order Specify."</p> <p><b>BUNCHING</b> – The accumulation and tender of railcars for loading or unloading, in excess of orders, shipped on different days contrary to customer's schedule. Since Tacoma Rail does not control the flow of inbound cars from connecting railroads, no allowance can be made in demurrage charges for bunching.</p>

**CARE-OF-PARTY** – The party to whom railcar placement is to be made pursuant to the bill of lading, if other than the consignee at destination. When the bill of lading indicates a Care-of-Party, said party will be responsible for all demurrage, storage, and hazardous storage charges.

**CONSIGNEE** – The party designated on the bill of lading as the entity entitled to receive delivery of the goods/shipment from the carrier. The consignee may also be the unloader, care-of-party, warehouseman or transloader.

**CONSIGNOR or SHIPPER** – The party designated on the bill of lading as the entity which has caused the goods to be shipped or who furnishes forwarding directions. The consignor may also be the loader/unloader, warehouseman, or transloader.

**CONSTRUCTIVE PLACEMENT (PCON)** – When a railcar(s) cannot be actually placed due to any of the following conditions:

1. Customer has no track capacity to receive railcar
2. Customer is not ready to accept railcar
3. Customer has not requested railcar when designated as an "Order-In" customer
4. Customer track is not accessible, for example:
  - Blue or Red flag placed by customer or third party
  - Track blockage to a customer by a joint track user or 2nd customer on the same track
  - Customer's siding/spur is locked by customer or joint user
  - Customer's facility track is inaccessible due to safety issues or improper track condition
  - Railcar is not suitable for movement: hoses attached to railcars, hatches open, etc.

**CUSTOMER (PATRON)** – The shipper, consignor, loader, consignee, unloader, care-of-party, or other party who resides within Tacoma Rail's service territory and controls the disposition of a railcar. The customer is responsible for the payment of demurrage, detention, storage, or other charges specified in this tariff.

**CREDIT** – A unit of value assigned to a railcar for the relief of a demurrage day. Credits are utilized to offset accrued debits.

**DEBIT** – See demurrage day definition below.

**DEMURRAGE** – Demurrage is a charge for detaining a railcar. Railroads charge demurrage as an incentive for customers to load and unload railcars promptly, to prevent congestion in railroad terminals caused by Idle railcars, and ultimately to improve the utilization of a valuable asset.

The Code of Federal Regulations 49 U.S.C. § 10746 states: A rail carrier providing transportation subject to the jurisdiction of the Board under this part shall compute demurrage charges and establish rules related to those charges, in a way that fulfills the national needs related to:

1. Freight car use and distribution and
2. Maintenance of an adequate supply of freight cars to be available for transportation of property.

**DEMURRAGE DAY** – A twenty-four (24) hour period (calendar day), or fraction thereof, commencing at the first 0800 hours (Pacific Standard Time) after actual or constructive placement until the railcar(s) is released and available to Tacoma Rail.

**DEMURRAGE RELEASE** – Date and time demurrage ceases based upon notification by the customer.

**DISPOSITION** – Information, including forwarding instructions or release, which allows Tacoma Rail to either tender or release the railcar(s) from the customer's account.

**DIVERSION** – An order provided by the shipper or consignee instructing that a railcar(s) be delivered to a location other than the one indicated on the original forwarding instructions.

**EMPTY RAILCAR(S) ORDERED AND NOT USED** – Empty railcar(s), placed for loading as ordered, and subsequently released without being used in transportation service.

**EMPTY RELEASE INFORMATION** – Advice by the customer, to authorized personnel of Tacoma Rail, that the railcar(s) is unloaded and available. This information must include the identity of the customer, name of party furnishing information, railcar(s) initial and number, and date and time. Release will be effective on date and time advice is received by Tacoma Rail.

**FORWARDING INSTRUCTIONS** – Shipping instructions provided to Tacoma Rail at the point of loading, containing all of the necessary information to transport the shipment to its final destination. Appropriate connecting railroad must be identified.

**FREE DAY / TIME** – A free day is a day of grace, a particular day of the week, or a holiday where you are not charged demurrage. Free days are Saturdays, Sundays, and holidays as follows:

New Year's Day – January 1  
Martin Luther King Day – Third Monday of January  
Presidents Day – Third Monday of February  
Memorial Day – Last Monday of May  
Independence Day – July 4  
Labor Day – First Monday of September  
Thanksgiving Day – Fourth Thursday of November  
Christmas Eve – December 24  
Christmas Day – December 25

New Year's Eve – December 31

When these days occur on a Sunday, the following Monday will be observed as the holiday.

**IDLER RAILCAR** – An empty railcar used to protect overhanging loads, or used between railcars loaded with long material.

**LATE SWITCH** – Tacoma Rail's failure to provide switch service to a customer on their scheduled service day prior to 8:00 AM. Service provided after 12:00 PM is considered a missed switch.

**LEASE TRACK** – Any track(s) assigned to a user through written lease agreement. Lease track(s) will be treated the same as private tracks for purposes of applying the terms of this tariff.

**LOADED RAILCAR** – A railcar that is completely or partially loaded.

**LOADER** – Tacoma Rail's customer responsible for physically loading freight into the railcar or the party physically loading the railcar.

**LOADING** – The complete or partial loading of a railcar in conformity with Tacoma Rail and/or BNSF/UP loading and clearance rules, advice the railcar is available for movement, and the furnishing of forwarding instructions.

**MISSED SWITCH** – Tacoma Rail's failure to provide switch service to a customer on their scheduled service day prior to 12:00 PM.

**MIXED DEMURRAGE** – Excess credits earned on a railcar can be used to offset excess debits on another railcar within same category only. Categories are defined as private railcars for unloading, private railcars for loading, foreign railcars for unloading, and foreign railcars for loading. Excess demurrage credits do not carry over to the next month.

**NOTIFICATION** – When required, notification will be furnished electronically, in writing or verbally, to all parties entitled to receive notification that the railcar(s) is available for loading, unloading, or otherwise impacted by demurrage provisions.

**OPERATIONAL RELEASE** – The notification received from a customer that loading or unloading of a railcar(s) has been completed and the railcar is available for movement.

**ORDER IN DATE** – The date that the customer requires placement of railcar(s) at facility or industry from Tacoma Rail.

**ORDER IN CUSTOMER** – Customer who, by prior arrangement, has notified Tacoma Rail that railcars shall not be placed for loading or unloading, until Tacoma Rail has received an order (switch request) for placement from said customer.

**OTHER THAN PUBLIC DELIVERY TRACK** – Any tracks assigned for individual use, including privately owned or leased track.

**PARTIAL UNLOADING** – The partial unloading of a railcar(s) and furnishing of the proper forwarding/handling instructions.

**PRIVATE RAILCAR(S)** – Railcar(s) bearing other than railroad reporting marks and which is not owned or leased by a railroad.

**PRIVATE TRACK** – Any tracks which are not owned or leased by Tacoma Rail, including track leased by Tacoma Rail to other entities.

**RAILROAD CONTROLLED RAILCAR(S)** – Any railcar(s) other than a private railcar.

**RECONSIGNMENT** – An order from the customer to bill a railcar(s) to other than the original customer, said order being received after the railcar(s) is delivered to its original destination. (An order to turn the railcar over to another party, that does not require an additional movement of the railcar, is not a re-consignment.)

**REFUSED LOADED RAILCAR(S)** – An original loaded railcar(s) refused at destination without being unloaded.

**REJECTED EMPTY RAILCAR(S)** – Empty railcar(s) determined to be unfit for loading.

**RELEASE** – The notification received from a customer that loading or unloading of a railcar(s) has been completed and the railcar(s) is available for movement and forwarding instructions have been received, if applicable. The date and time notification is received by Tacoma Rail, will constitute both an Operational Release and a Demurrage Release.

**RELOADING** – When a railcar(s) is held for loading after being released empty.

**RESHIPMENT** – A new document by which the entire original shipment is forwarded in the same railcar to another destination.

**RUN AROUND** – Railcar(s) tendered to customer for loading or unloading that are actually placed ahead of railcars previously tendered for loading or unloading.

**SHIPPER OR CONSIGNOR** – The party designated on the bill of lading as the entity which has caused the goods to be shipped. The consignor may also be the loader.

**SPOT ON ARRIVAL CUSTOMER** – Tacoma Rail, without notification, will place railcar(s) for loading or unloading upon availability. Spot On Arrival customers allow Tacoma Rail to choose which railcars to place based upon available customer capacity; therefore, credits will not be warranted when newer railcars are spotted ahead of older railcars.

**STRAIGHT DEMURRAGE** – Straight demurrage rules provide for an allowance of a set amount of credits for the loading or unloading of railcars and for a definite charge by the day for each railcar held beyond

the allotted applied credits. Excess credits on one railcar cannot be utilized to offset excess debits on another railcar.

TACOMA RAIL – City of Tacoma, Department of Public Utilities, Beltline Division dba: Tacoma Municipal Beltline Railway

TACOMA RAIL MOUNTAIN DIVISION – City of Tacoma, Department of Public Works dba Tacoma Rail Mountain Division

TENDER – Railcars are considered tendered to the customer upon either notification, actual placement, or constructive placement of empty or loaded railcar(s).

TIME – Local time is applicable, Pacific Time Zone. Time is expressed on the basis of the 24-hour clock. (Example: 12:01 AM is expressed as 0001 hours).

UNLOADER – Tacoma Rail’s customer responsible for physically unloading freight from the railcar.

UNLOADING – The complete unloading of a railcar and advice from customer to Tacoma Rail that the railcar is empty and available, or a railcar has been reloaded with empty release info furnished on loaded railcar and forwarding instructions are received.

999

**EXPLANATION OF ABBREVIATIONS AND REFERENCE**

AAR Association of American Railroads

NSO National Service Order, Western Trunk Line Committee, Agent

OPSL Official List of Open and Prepay Stations, Station List Publishing Company, Agent

RER The Official Railway Equipment Register, R.E.R. Publishing Company, Agent

RPS Railroad Publication Services, Agent

STB Surface Transportation Board

STCC Standard Transportation Commodity Code

TMBL Tacoma Rail, Tacoma Municipal Belt Line Railway

TRMW Tacoma Rail Mountain Division

UFC Uniform Freight Classification, Uniform Freight Classification Committee, Agent

WA State of Washington

END



# Demurrage Dispute Form

Enter the requested information for each car (or group of cars if all data is the same). Attach documentation whenever possible, and can be submitted by email to the demurrage administrator, by FAX, or by certified U.S. mail, return receipt requested to:



Email: efaq@cityoftacoma.org or the latest email available at www.tacomarail.com

Fax: 253-396-3160

Mail: Tacoma Rail  
 Attn: Demurrage Administration – Tariff Requests  
 509 North Frontage Road  
 Tacoma, WA 98421

<b>Date:</b>		<b>Company:</b>	
<b>RR Demurrage Month:</b>		<b>Submitted by:</b>	
<b>RR Invoice Number:</b>		<b>Phone:</b>	
<b>E-mail:</b>			

Car Number(s)	Constructive Placement	Actual Placement	Release	Demurrage Days	Credits	Net
<b>Date as Billed:</b>						
<b>Customer Record:</b>						
<b>Explanation:</b>						
<b>Documentation:</b>						<b>Attached?</b> <input type="checkbox"/>
<b>Resolution:</b> (for TMBL use)						

Car Number(s)	Constructive Placement	Actual Placement	Release	Demurrage Days	Credits	Net
<b>Date as Billed:</b>						
<b>Customer Record:</b>						
<b>Explanation:</b>						
<b>Documentation:</b>						<b>Attached?</b> <input type="checkbox"/>
<b>Resolution</b> (for TMBL use)						

**Tacoma Rail Mountain Division**

**FREIGHT TARIFF TRMW 8000-A**  
(Cancels Tariff TRMW 8000)

**NAMING  
SWITCHING AND OTHER TERMINAL CHARGES  
AT  
ALL LOCATIONS  
ON THE  
TACOMA RAIL MOUNTAIN DIVISION**

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This tariff is also applicable on intrastate traffic, except where expressly provided to the contrary in connection with particular items.

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ISSUED: December 10, 2017

EFFECTIVE: January 1, 2018

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Dale W. King, Superintendent  
2601 SR 509 North Frontage Road  
Tacoma, WA 98421

1.01	<p><b>CANCELLATION NOTICE:</b></p> <p>Freight Tariff TRMW 8000-A hereby cancels provisions formerly shown in Freight Tariff TRMW 8000 series for account the TRMW. Provisions formerly shown in Freight Tariff TRMW 8000 for account TRMW and not brought forward in Freight Tariff TRMW 8000-A are hereby cancelled.</p>
<b>ITEM</b>	<p><b>RULES AND OTHER GOVERNING PROVISIONS. SPECIAL RULES AND REGULATIONS</b></p>
10	<p><b>REFERENCES TO TARIFFS, ITEMS, NOTES, RULES, ETC.:</b></p> <p>Where reference is made in this tariff to tariffs, items, notes, rules, etc., such references are continuous and include supplements to and successive issues of such tariffs and reissues of such items, notes, rules, etc.</p>
20	<p><b>STATION LISTS AND CONDITIONS:</b></p> <p>This tariff is governed by the Official List of Open and Prepay Railroad Stations, OPSL 6000 series, to the extent shown below:</p> <p style="text-align: center;"><b>PREPAY REQUIREMENTS AND STATION CONDITIONS</b></p> <p>For additions and abandonment of stations, and except as otherwise shown herein, for prepay requirements, changes in the names of stations, restrictions as to the acceptance or delivery of freight and changes in station facilities. When a station is abandoned as of a date specified in the above named tariff, the rates from and to that station published in this tariff are inapplicable on or after that date.</p>
30	<p><b>METHOD OF ADDING, CHANGING OR DELETING ITEMS IN THIS TARIFF:</b></p> <ol style="list-style-type: none"> <li>1. As this tariff is supplemented; numbered items with letter suffixes cancel corresponding numbered items in the original tariff or in a prior supplement. Letter suffixes will be used in alphabetical sequence, starting with A. <p style="margin-left: 40px;">EXAMPLE: Item 5-A cancels Item 5 and Item 10-B cancels Item 10-A in a prior supplement, which; in turn, cancelled Item 10.</p> </li> <li>2. Unless otherwise indicated, latest publication of Item likewise cancels any prior publication of that Item. <p style="margin-left: 40px;">EXAMPLE: Item 2.20 in supplement 1 cancels Item 2.20 in the original publication.</p> </li> <li>3. Changes to this tariff will be made by issuing supplements. These supplements will show the action taken on each item by the following reference marks: <p style="margin-left: 40px;">[A] – Addition [I] – Increase [R] – Reduction [NC] – Brought forward without change [C] – Changes resulting in neither an increase nor a decrease</p> <p style="margin-left: 40px;">There will be only one supplement to this tariff in effect at any time. Any item contained in a prior supplement will be brought forward to subsequent supplements, showing the original effective date of the item.</p> </li> </ol>

ITEM	RULES AND OTHER GOVERNING PROVISIONS. SPECIAL RULES AND REGULATIONS - UNLIMITED
110	<p><b>CHARGE FOR HAUL OF EMPTY CARS NOT USED FOR LOADING:</b></p> <p>When an empty car is ordered from UP to be loaded and is returned empty, the charge is the same as if the car was interchanged as a load to UP.</p>
130	<p><b>CHARGES ON OVERLOADED CARS:</b></p> <p>When an overloaded car is discovered the shipper will be given the opportunity to unload the excess at a charge of \$225.00 per car. The charge of \$225.00 per car will be in addition to all other applicable charges.</p>
140	<p><b>DETENTION CHARGES ON HEAVY DUTY FLAT CARS:</b></p> <p>For detention and use charges on heavy duty flat cars, see Item 270 of Tariff RIC 6740-series.</p>
150	<p><b>RETURN MOVEMENT OF CARS PLACED FOR LOADING OR UNLOADING:</b></p> <p>Charges provided in this tariff include the return of empty cars after unloading or placing of empty cars for loading.</p>
160	<p><b>TERMINAL AND OTHER CHARGES:</b></p> <ol style="list-style-type: none"> <li>1. Demurrage Storage charges will be governed by tariffs or other instruments by TRMW.</li> <li>2. The switching rates shown in this tariff cover the charge for movement of car and lading contained therein only and do not include charge for any additional service such as, but not limited to, heating, icing, protection of property from frost or freezing, refrigeration nor any factors entering into the refrigeration service, such additional service shall be furnished by and at the expense of the shipper.</li> </ol>

170

**TURNING OF CARS TO PERMIT LOADING OR UNLOADING:**

1. In instances where it is desired that freight in carloads be placed on delivery tracks for loading or unloading from one particular side or end of car, cars must be properly placarded on both sides and notation made on bill of lading and waybills substantially as follows:

**NOTICE TO CARRIER**

Deliver car for loading unloading from the door or car specified by placard.

2. On freight in carloads, not properly placarded on both sides of car to load or unload from one particular side or end of car, which shipper or consignee, after initial placement of car, directs carrier to turn and return to the same track for loading or unloading from opposite side or end of car, the following charges shall apply:
  - A. If the car is turned at a Y or a turn-table within the confines of an industry, the Intra-Plant switching charge will apply.
  - B. If the car is turned at a Y or turn-table within the same Zone but outside the confines of the industry, the Intra-Terminal switching charge will apply.
  - C. If the car must be moved to a Y or a turn-table located outside the same Zone as the shipper or consignee requesting this service the Inter-Terminal Switch rate will apply.

NOTE: If bill of lading carries notation that car has been placarded and placard has disappeared before placement, the charge named herein will not apply.

180

**DEFINITION OF INTRA-PLANT, INTRA-TERMINAL AND INTER-TERMINAL SWITCHING:**

1. For the purpose of the application of rates in this Tariff the terms Intra-Plant, Intra-Terminal, and Inter-Terminal switching are defined as follows:
  - A. **INTRA-PLANT SWITCHING** - A switching movement from one track to another, or from one location to another location on the same track within the same plant or industry, and only when the physical movement is performed entirely within the confines of the plant or industry.
  - B. **INTRA-TERMINAL SWITCHING** - A switching movement (other than Intra-Plant switching) from one track to another track within the same Zone as defined in Item 1005 of this tariff.
  - C. **INTER-TERMINAL SWITCHING** - A switching movement from a track located in one Zone to a track located in another Zone. Zones are defined in Item 1005 of this tariff.

ITEM	SECTION 1 SWITCHING
1000	<p><b>APPLICATION:</b></p> <p>Switching rates and charges named in this section will apply as follows:</p> <ul style="list-style-type: none"> <li>A. Applicable at all points on the TRMW unless specified by written agreement.</li> <li>B. Intra-Terminal, Inter-Terminal and Intra-Plant service as described in Item 180, Intra-Terminal, Inter-Terminal and Intra-Plant services are applicable in connection with line haul traffic.</li> <li>C. Reciprocal Switching – A switch movement from an industry or firm on TRMW to interchange tracks of connecting carrier or vice versa, on line haul traffic. The switching charge applicable, whether absorbed in whole or part, will be the charge in effect on the date of the actual physical interchange of the loaded car. Rates for reciprocal switching are chargeable to the connecting carriers named herein.</li> <li>D. Cars handled in Reciprocal Switch Service will be subject to Rule 5 of the Code of Car Hire Rules, as reissued and amended.</li> <li>E. Rates named herein include only the performance of normal switching service by and at the convenience of TRMW. Normal switching contemplates only one switch per day and only on those days when the TRMW has regularly scheduled switching service at the plant site or industry, except the TRMW may, at its discretion only, make additional switches when deemed appropriate by the TRMW.</li> <li>F. When shipments consist of one or more loaded cars and one or more idler cars, each loaded car and each idler car shall be charged as a loaded car.</li> <li>G. When shipments are made in articulated cars, have one or more freight carrying units, permanently or semi-permanently coupled with one or more axles between the units, each unit of said car will be charged as one loaded car regardless of the number of car numbers assigned to said car.</li> <li>H. The switching charge (unless otherwise specified) applies on the movement of a car loaded in one direction and empty in the other direction between the points named. If a car is loaded in both directions, the charge will be made for each loaded movement. Switching charges (unless otherwise specified) includes the spotting of a car one time at a designated spot within the plant site or industry or storage location. If an additional movement is necessary, on request of the industry, the applicable switch charge will be assessed.</li> <li>I. Charges in this tariff do not apply to shipments of dimensional or overweight loads requiring special train service or handling as determined by TRMW.</li> <li>J. Special Switching – If requested by an industry or connecting carrier special switching will be performed at the sole discretion of the TRMW at the following charges. Such charges are in addition to all other applicable charges and switching rates named in this tariff. Special Switching charge will be assessed and billed to the industry or connecting carrier authorizing or requesting the special switching service: <ul style="list-style-type: none"> <li>1. Monday through Sunday, exclusive of holidays, charge is \$500.00 per hour with a minimum of two hours (\$1,000.00). Time is computed from the time crew leaves engine terminal until return to engine terminal. Time in excess is computed to next half hour.</li> <li>2. Holidays, subject to an application for such service in advance, charge is \$635.00 per hour with a minimum of four hours (\$2,540.00). Time is computed from the time crew leaves engine terminal until return to engine terminal. Time in excess is computed to next half hour.</li> </ul> </li> </ul>

1005

**DEFINITION OF TACOMA SWITCHING DISTRICT AND ZONES WITHIN THE SWITCHING DISTRICT:**

The Tacoma Switching District includes all stations on the TRMW. Zones within the TRMW Tacoma Switching District include the stations shown below (All stations are in the State of Washington):

Zone 1: Tacoma, Hillsdale, West Hillsdale, Midland, Allison

Zone 2: Frederickson

Zone 3: Graham, Thrift

Zone 4: Clay City, Eatonville, Eatonville Jct, Elbe, Kapowsin, Lynch Creek, National, New Reliance, Ohop, Park Jct.

Zone 5: Greendale, Loveland, McKenna

NOTE: For movements between only TRMW and TMBL, switching charges from the two carriers' applicable tariffs may be combined to form a through rate. TRMW will assess the combined charges to the customer for these movements.

1010

**LINE HAUL SWITCHING RATES AND CHARGES IN DOLLARS AND CENTS:**

Zone	Commodity	STCC	Rate
1	All Non-Hazardous		538
	All Hazardous		588
2	Flour/Grain Products	20-41	615
	Lumber, aluminum siding	24-21, 24-39, 24-91, 24-99	615
	Concrete products, sand	32-71, 14-41, 10-513	615
	Plastics	30-71	615
	Plastic Pellets	28-211 -56	615
	Animal Fat/Tallow	20-143	615
	Rebar	33-124	699
	MDI/Polyol	28-18, 49-661-09	754
	Steel Pipe	33-12, 33-21	795
	Lime	32-74	811
	Ammonium Nitrate	28-712-44	814
	Aluminum scrap	40-214	1,078
	Aluminum aircraft parts	33-52, 37-29	1,693
	All Other Non-Hazardous		650
All Other Hazardous		700	
3	All Non-Hazardous		750
	All Hazardous		800
4	All Non-Hazardous		750
	All Hazardous		800
5	All Non-Hazardous		750
	All Hazardous		800

1015	<p><b>ADDITIONAL CHARGE FOR HAZARDOUS COMMODITIES:</b></p> <p>When a car, either empty or loaded, that is handled under this tariff is required to be placarded as carrying a hazardous commodity, an additional charge of \$50 per carload will apply.</p>																																				
1020	<p><b>INTRA-PLANT SWITCHING:</b></p> <p>\$139.00 per car, for cars loaded or empty, for Intra-Plant switching service as defined in Item 180.</p>																																				
1160	<p><b>INTRA-TERMINAL/INTER-TERMINAL RAILCAR SWITCHING IN DOLLARS AND CENTS:</b></p> <p>Charges shown in this item apply for Intra-Terminal or Inter-Terminal switching, (except as otherwise shown in this section), as defined in Item 180.</p> <ol style="list-style-type: none"> <li>1. Intra-Terminal Charges             <ol style="list-style-type: none"> <li>a. Non-intermodal - 285</li> <li>b. Intermodal - 75</li> </ol> </li> <li>2. Inter-Terminal Charges</li> </ol> <table border="1" data-bbox="483 800 1235 1157"> <thead> <tr> <th>Between</th> <th>Zone 1</th> <th>Zone 2</th> <th>Zone 3</th> <th>Zone 4</th> <th>Zone 5</th> </tr> </thead> <tbody> <tr> <td>Zone 1</td> <td>343</td> <td>510</td> <td>613</td> <td>1,545</td> <td>613</td> </tr> <tr> <td>Zone 2</td> <td>510</td> <td>343</td> <td>495</td> <td>1,545</td> <td>495</td> </tr> <tr> <td>Zone 3</td> <td>613</td> <td>510</td> <td>343</td> <td>1,545</td> <td>1,545</td> </tr> <tr> <td>Zone 4</td> <td>1,545</td> <td>1,545</td> <td>1,545</td> <td>343</td> <td>2,060</td> </tr> <tr> <td>Zone 5</td> <td>613</td> <td>510</td> <td>1,545</td> <td>2,060</td> <td>343</td> </tr> </tbody> </table>	Between	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 1	343	510	613	1,545	613	Zone 2	510	343	495	1,545	495	Zone 3	613	510	343	1,545	1,545	Zone 4	1,545	1,545	1,545	343	2,060	Zone 5	613	510	1,545	2,060	343
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1170	<p><b>ERROR DELIVERY CHARGE:</b></p> <p>When loaded or empty cars are delivered to TRMW in error by connecting carriers, and are returned to the same carrier without being loaded or emptied on TRMW, a charge of \$495 per car will be assessed to the connecting carrier. TRMW will not be responsible for car hire on these cars, and will reclaim from the connecting carrier all car hire assessed.</p>																																				
1180	<p><b>ADDITIONAL CHARGE FOR RAILROAD CONTROLLED EQUIPMENT NOT SUBJECT TO RULE 5:</b></p> <p>When cars are handled in Reciprocal Switch service, and the connecting carrier does not provide car hire relief to TRMW under Rule 5 of the Code of Car hire rules or an intercarrier agreement, each railroad owned or controlled car will be subject to an additional charge of \$250.</p>																																				



1220	<b>FUEL SURCHARGE:</b>  All loaded railcars will have a per car fuel surcharge applied in addition to the switch charge in item 1010-series.  NOTE 1 – The fuel surcharge will be reviewed and adjusted every three months.  NOTE 2 – Adjustments to the fuel surcharge will reflect any rate changes to Tacoma Rail’s current fuel price above \$2.50 per gallon at the time of review.  NOTE 3 – Fuel surcharge collected above or below actual cost of fuel over the previous three months will offset the new fuel surcharge rate appropriately. If the offset applied to the fuel surcharge drops below \$0.00, no fuel surcharge will apply.
99999	<b>EXPLANATION OF ABBREVIATIONS AND REFERENCE:</b>  BNSF - BNSF Railway Company TMBL – Tacoma Municipal Belt Line Railway (Tacoma Rail) TRMW – Tacoma Rail Mountain Division UP - Union Pacific Railroad Company FT - Freight Tariff  [A] – Addition [I] – Increase [R] – Reduction [NC] – Brought forward without change [C] – Changes resulting in neither an increase nor a decrease  -END-

**TACOMA MUNICIPAL BELT LINE RAILWAY**

**FREIGHT TARIFF TMBL 8807-H**

(Cancels Tariff TMBL 8807-G)

**NAMING  
SWITCHING AND OTHER TERMINAL CHARGES  
AS PROVIDED IN SECTION 1 HEREIN**

**APPLYING AT ALL LOCATIONS ON THE  
TACOMA MUNICIPAL BELT LINE RAILWAY  
(TACOMA RAIL)**

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This tariff is also applicable on intrastate traffic, except where expressly provided to the contrary in connection with particular items.

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ISSUED: December 10, 2017

EFFECTIVE: January 1, 2018

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Dale W. King, Superintendent  
2601 SR 509 North Frontage Road  
Tacoma, WA 98421

1.01	<p><b>CANCELLATION NOTICE:</b></p> <p>Freight Tariff TMBL 8807-H hereby cancels provisions formerly shown in Freight Tariff TMBL 8807-G series for account the TMBL. Provisions formerly shown in Freight Tariff TMBL 8807-G for account TMBL and not brought forward in Freight Tariff TMBL 8807-H are hereby cancelled.</p>
<b>ITEM</b>	<p><b>RULES AND OTHER GOVERNING PROVISIONS. SPECIAL RULES AND REGULATIONS</b></p>
10	<p><b>REFERENCES TO TARIFFS, ITEMS, NOTES, RULES, ETC.:</b></p> <p>Where reference is made in this tariff to tariffs, items, notes, rules, etc., such references are continuous and include supplements to and successive issues of such tariffs and reissues of such items, notes, rules, etc.</p>
20	<p><b>STATION LISTS AND CONDITIONS:</b></p> <p>This tariff is governed by the Official List of Open and Prepay Railroad Stations, OPSL 6000 series, to the extent shown below:</p> <p style="text-align: center;"><b>PREPAY REQUIREMENTS AND STATION CONDITIONS</b></p> <p>For additions and abandonment of stations, and except as otherwise shown herein, for prepay requirements, changes in the names of stations, restrictions as to the acceptance or delivery of freight and changes in station facilities. When a station is abandoned as of a date specified in the above named tariff, the rates from and to that station published in this tariff are inapplicable on or after that date.</p>
30	<p><b>METHOD OF ADDING, CHANGING OR DELETING ITEMS IN THIS TARIFF:</b></p> <ol style="list-style-type: none"> <li>1. As this tariff is supplemented; numbered items with letter suffixes cancel corresponding numbered items in the original tariff or in a prior supplement. Letter suffixes will be used in alphabetical sequence, starting with A. <ul style="list-style-type: none"> <li>EXAMPLE: Item 5-A cancels Item 5 and Item 10-B cancels Item 10-A in a prior supplement, which; in turn, cancelled Item 10.</li> </ul> </li> <li>2. Unless otherwise indicated, latest publication of Item likewise cancels any prior publication of that Item. <ul style="list-style-type: none"> <li>EXAMPLE: Item 2.20 in supplement 1 cancels Item 2.20 in the original publication.</li> </ul> </li> <li>3. Changes to this tariff will be made by issuing supplements. These supplements will show the action taken on each item by the following reference marks: <ul style="list-style-type: none"> <li>[A] – Addition</li> <li>[I] – Increase</li> <li>[R] – Reduction</li> <li>[NC] – Brought forward without change</li> <li>[C] – Changes resulting in neither an increase nor a decrease</li> </ul> <p>There will be only one supplement to this tariff in effect at any time. Any item contained in a prior supplement will be brought forward to subsequent supplements, showing the original effective date of the item.</p> </li> </ol>

ITEM	RULES AND OTHER GOVERNING PROVISIONS. SPECIAL RULES AND REGULATIONS - UNLIMITED
100	<b>BILLS OF LADING:</b>  Order Bill of Lading will not be issued to cover Intra-Terminal or Inter-Terminal switching movements.
110	<b>CHARGE FOR HAUL OF EMPTY RAILCARS NOT USED FOR LOADING:</b>  When an empty railcar is ordered to be loaded and is returned empty, the charge is the same as if the railcar was interchanged as a load to the BNSF or UP.
130	<b>CHARGES ON OVERLOADED RAILCARS:</b>  When an overloaded railcar is discovered in Intra-terminal, Inter-terminal, or Intra-plant switching service, the shipper will be given the opportunity to unload the excess at a charge of \$232.00 per railcar. The charge of \$232.00 per railcar will be in addition to all other applicable charges.
140	<b>DETENTION CHARGES ON HEAVY DUTY FLAT RAILCARS:</b>  For detention and use charges on heavy duty flat railcars, see Item 270 of Tariff RIC 6740-series.
150	<b>RETURN MOVEMENT OF RAILCARS PLACED FOR LOADING OR UNLOADING:</b>  Charges provided in this tariff include the return of empty railcars after unloading or placing of empty railcars for loading, except as provided herein.
160	<b>TERMINAL AND OTHER CHARGES:</b>  <ol style="list-style-type: none"><li>1. Railcar Rental Charges and Demurrage will be governed by tariffs or other instruments of individual carriers.</li><li>2. The switching rates shown in this tariff cover the charge for movement of railcar and lading contained therein only and do not include charge for any additional service such as, but not limited to, heating, icing, protection of property from frost or freezing, refrigeration nor any factors entering into the refrigeration service, such additional service shall be furnished by and at the expense of the shipper.</li></ol>

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**TURNING OF RAILCARS TO PERMIT LOADING OR UNLOADING:**

1. In instances where it is desired that freight in a railcar load be placed on delivery tracks for loading at stop-off points or unloading at stop-off points or destinations from one particular side or end of a railcar, railcars must be properly placarded on both sides and notation made on bill of lading and waybills substantially as follows:

**NOTICE TO CARRIER**

Deliver railcar for loading at stop-off points or unloading at stop-off points or destinations from the door or railcar specified by placard.

2. On freight in carloads, not properly placarded on both sides of railcar to load or unload from one particular side or end of railcar, which shipper or consignee, after initial placement of railcar, directs carrier to turn and return to the same track for loading or unloading from opposite side or end of railcar, the following shall apply:

**CHARGES (Notes 1 and 2)**

- A. If the railcar is turned at a Y or a turn-table within the confines of an industry, the Intra-Plant switching charge will apply.
- B. If the railcar is turned at a Y or turn-table within the same switching district but outside the confines of the industry, the Intra-Terminal switching charge will apply.
- C. If the railcar must be moved to a Y or a turn-table located outside the switching district and the round-trip distance to and from the Y or turn-table is:
  - a. 100 miles or less - \$412.00 per railcar.
  - b. Over 100 miles - \$824.00 per railcar.

NOTE 1- If bill of lading carries notation that a railcar has been placarded and placard has disappeared before placement, the charge named herein will not apply.

NOTE 2- If the line haul rate is lower than the charge for turning of the railcar, the line haul rate will be assessed.

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**DEFINITION OF INTRA-PLANT, INTRA-TERMINAL AND INTER-TERMINAL SWITCHING:**

1. For the purpose of the application of rates in this Tariff the terms Intra-Plant, Intra-Terminal, and Inter-Terminal switching are defined as follows:
  - A. **INTRA-PLANT SWITCHING** - A switching movement from one track to another, or from one location to another location on the same track within the same plant or industry, and only when the physical movement is performed entirely within the confines of the plant or industry. (Same Industry)
  - B. **INTRA-TERMINAL SWITCHING** - A switching movement (other than Intra-Plant switching) from one track to another of the same road, or from one location to another location on the same track within the switching limits of one station or industrial switching district. (Same Road)
  - C. **INTER-TERMINAL SWITCHING** - A switching movement from a track of one road to a track of another road when both tracks are within the switching limits of the same station or industrial switching districts. (Road to Road)

ITEM	SECTION 1 SWITCHING
1000	<p><b>APPLICATION:</b></p> <p>Switching rates and charges named in this section will apply for account TMBL as follows:</p> <ul style="list-style-type: none"> <li>A. Applicable at all points on the TMBL unless specified by written agreement.</li> <li>B. Intra-Terminal, Inter-Terminal and Intra-Plant service as described in Item 180, Intra-Terminal, Inter-Terminal and Intra-Plant services are applicable in connection with line haul traffic. Rates do not include wharfage, loading, unloading or other terminal expenses and apply only to freight loaded or unloaded by consignor or consignee within the switching limit of this section, except as otherwise authorized.</li> <li>C. Reciprocal Switching – A switch movement from an industry or firm on TMBL to interchange tracks of connecting carrier or vice versa, on line haul traffic (for rate to apply, see item 1010). The switching charge applicable, whether absorbed in whole or part, will be the charge in effect on the date of the actual physical interchange of the loaded railcar.</li> <li>D. Rates named herein include only the performance of normal switching service by and at the convenience of the carrier (TMBL). Normal switching contemplates only one switch per day and only on those days when the TMBL has regularly scheduled switching service at the plant site or industry, except the TMBL may, at its discretion only, make additional switches when deemed appropriate by the TMBL.</li> <li>E. The switching charge (unless otherwise specified) applies on the movement of a railcar loaded in one direction an empty in the other direction between the points named. If a railcar is loaded in both directions, the charge will be made for each loaded movement. Switching charges (unless otherwise specified) includes the spotting of a railcar one time at a designated spot within the plant site or industry or storage location. If an additional movement is necessary, on request of the industry, the applicable switch charge will be assessed.</li> <li>F. Special Switching – If requested by an industry or connecting carrier special switching will be performed at the sole discretion of the TMBL at the following charges. Such charges are in addition to all other applicable charges and switching rates named in this tariff. Special Switching charge will be assessed and billed to the industry or connecting carrier authorizing or requesting the special switching service (notes 1 and 2): <ul style="list-style-type: none"> <li>1. Monday through Sunday, exclusive of holidays, charge is \$500.00 per hour with a minimum of two hours (\$1,000.00). Time in excess is computed to next half hour.</li> <li>2. Holidays, (note 2) subject to an application for such service in advance; charge is \$654.00 per hour with a minimum of four hours (\$2,616.00). Time in excess is computed to next half hour.</li> </ul> </li> </ul> <p>NOTE 1 - Charges for intra-plant, intra-terminal or inter-terminal switching as the case may be, will be billed and assessed separately, and will not be usable as credits for special switching service charges.</p> <p>NOTE 2 - Holidays are identified as New Years Day, Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day.</p>

<p><b>1010</b></p>	<p><b>LINE HAUL SWITCHING RATES AND CHARGES IN DOLLARS AND CENTS FOR RAILCARS:</b></p> <ol style="list-style-type: none"> <li>1. A charge of \$50.00 per platform (See Note 1) for each loaded or empty intermodal railcar (See Note 2) between interchange with BNSF or UP; and an Intermodal Terminal (See Note 3).</li> <li>2. The following charges are per railcar for each loaded railcar interchanged with the BNSF or UP, other than intermodal railcars or unit trains (See Note 5), and other than railcars required to be placarded as carrying a hazardous commodity. (See Note 4)             <ol style="list-style-type: none"> <li>a. \$300 for railcars interchanged in Tacoma</li> <li>b. \$570 for railcars interchanged in locations other than Tacoma</li> </ol> </li> <li>3. A charge of \$350.00 for each loaded railcar, other than intermodal railcars, required to be placarded as carrying a hazardous commodity. (See Note 4)</li> <li>4. A charge of \$220.00 for each loaded railcar in a unit train (See Note 5) to a facility which can unload or load the unit train in its entirety. (See Note 4)</li> <li>5. A charge of \$295.00 for each loaded railcar in a unit train (See Note 5) to a facility which cannot unload or load the unit train in its entirety. (See Note 4)</li> </ol> <p>NOTE 1 – A platform is a location within a railcar, used for loading containers, that is separated by articulations. Unless a railcar has no containers on any platform, it is considered a load.</p> <p>NOTE 2 – A loaded intermodal railcar is defined as having any number of containers on the railcar, regardless whether the containers are loaded or empty.</p> <p>NOTE 3 – Intermodal terminals are identified as follows:</p> <ol style="list-style-type: none"> <li>A) North Intermodal Yard – NIM</li> <li>B) South Intermodal Yard – SIM</li> <li>C) Hyundai Intermodal Yard – HIM aka WUT</li> <li>D) Pierce County Terminal – PCT</li> </ol> <p>NOTE 4 – When a non-intermodal shipment is made using railcars that are articulated, each articulation shall be counted as an additional railcar for purposes of applying this rate.</p> <p>NOTE 5 – A unit train is defined as a train consisting of more than 90 railcars, other than intermodal, all destined to a single facility.</p>
<p><b>1020</b></p>	<p><b>INTRA-PLANT SWITCHING:</b></p> <p>The charge is \$139.00 per railcar, for railcars loaded or empty, for Intra-Plant switching service as defined in Item 180.</p>
<p><b>1040</b></p>	<p><b>RAILCARS, OLD, FOR SCRAPPING ONLY, MOVING ON OWN WHEELS:</b></p> <p>FROM – Interchange point of BNSF or UP in Tacoma, WA.</p> <p>TO – Scrapping plants or storage on the TMBL</p> <ol style="list-style-type: none"> <li>1. Charge is \$300.00 per railcar. Intra-terminal Switch Charges in item 1160 will apply for movement from storage to plant or plant to storage.</li> </ol>
<p><b>1060</b></p>	<p><b>RAILCARS, FOR REPAIRS ONLY, MOVING ON OWN WHEELS:</b></p> <p>BETWEEN - Interchange points of BNSF or UP in Tacoma, WA.</p> <p>AND – Designated shop on TMBL</p> <p>OR – Staging track of designated shop on TMBL</p>

	<p>1. Charge is \$300.00 per railcar.</p> <p>Charge applies for round trip movement of railcars from point of Interchange to shop site or staging and return and will be assessed on the initial movement.</p>
1070	<p><b>CRANES AND LOCOMOTIVES OWNED BY SCHNITZER STEEL:</b></p> <p>FROM – Any track on Schnitzer Steel property located at 1902 Marine View Drive, Tacoma, WA. TO – Any other track on Schnitzer Steel property located at 1902 Marine View Drive, Tacoma, WA. Charge is \$300.00 per unit.</p>
1090	<p><b>LOCOMOTIVES, OLD FOR SCRAPPING ONLY, MOVING ON OWN WHEELS:</b></p> <p>FROM - Interchange point of BNSF or UP in Tacoma, WA TO – Scrapping plant or storage locations on the TMBL</p> <p>1. Charge is \$300.00 per individual unit.</p> <p>Intra-terminal Switch Charges in item 1160 will apply for movement from storage to plant or plant to storage.</p>
1110	<p><b>LOCOMOTIVES, OLD, FOR REPAIRS ONLY, MOVING ON OWN WHEELS:</b></p> <p>FROM – Interchange point of BNSF or UP in Tacoma, WA. TO – Repair plants or storage locations on the TMBL.</p> <p>1. Charge is \$300.00 per individual unit.</p> <p>Charge applies for round trip movement of locomotive between interchange and plant or storage location and will be assessed on the initial movement. Intra-terminal Switch Charges in item 1170 will apply for movement from storage to plant or plant to storage.</p>
1120	<p><b>ERROR DELIVERY AND SETBACK CHARGE:</b></p> <p>When loaded or empty railcars are delivered to TMBL in error by connecting carriers, and are returned to the same carrier without being loaded or emptied on TMBL, a charge per railcar will be assessed to the connecting carrier equal to that carrier's charge to TMBL for the same type of railcar movement. Charges for BNSF will be those specified for Interchange Error as provided in tariff BNSF 8005 series. Charges for UP will be those specified for Setback Charges as provided in tariff UP 6004 series. TMBL will not be responsible for car hire on these railcars, and will reclaim all car hire assessed from the connecting carrier.</p> <p>When loaded or empty railcars are delivered to the TMBL by connecting carriers due to an error by the Customer, any charges incurred by the railcar from the connecting carrier will be charged to the Customer by Tacoma Rail with a 10% administration fee in addition to any applicable Tacoma Rail charges.</p>
1160	<p><b>INTRA-TERMINAL/INTER-TERMINAL RAILCAR SWITCHING:</b></p> <p>Charges shown in this item apply for Intra-Terminal or Inter-Terminal switching, (except as otherwise shown in this section), as defined in Item 180. Charges do not apply on railway equipment as described in Item 1170. Intermodal rates are per platform. A platform is a location within a railcar, used for loading containers, that is separated by articulations.</p> <p>1. Intra-Terminal Charges  a. Non-intermodal - \$285.00  b. Intermodal - \$75  2. Inter-Terminal Charge - \$343.00</p>



1170	<p><b>INTRA-TERMINAL/INTER-TERMINAL RAILWAY EQUIPMENT SWITCHING:</b></p> <p>Charges shown in this Item apply per railcar and only on RAILWAY EQUIPMENT, moved on own wheels, but not under own power.</p> <p>LOCOMOTIVES, LOCOMOTIVE TENDERS or LOCOMOTIVES and TENDERS combined.</p> <p>STEAM SHOVELS, STEAM DERRICKS or LOCOMOTIVE CRANES.</p> <p>CHARGES FOR IDLERS (Note 1)</p> <ol style="list-style-type: none"><li>1. Intra-Terminal Charge - \$494.00</li><li>2. Inter-Terminal Charge - \$593.00</li></ol> <p>NOTE 1 – Charges for idler railcars used in transportation of Locomotives or Tenders, Steam Derricks, Steam Shovels or Locomotive Cranes will be charged at rates named in Item 1160 for each railcar so used.</p>
1180	<p><b>LOADED OR EMPTY RAILCARS RELEASED AND NOT READY</b></p> <p>A charge of \$100 per railcar will be assessed for each Customer railcar released and not available to be pulled or accepted by the TMBL. This charge is in addition to any applicable demurrage charges or other applicable charges.</p>
1200	<p><b>LATE PAYMENTS:</b></p> <p>Late Payments: Invoices are due and payable thirty (30) days following the date of the invoice.</p>
1220	<p><b>FUEL SURCHARGE:</b></p> <p>All loaded railcars will have a per railcar fuel surcharge applied in addition to the switch charge in item 1010-series.</p> <p>NOTE 1 – The fuel surcharge will be reviewed and adjusted quarterly.</p> <p>NOTE 2 – Adjustments to the fuel surcharge will reflect any rate changes to Tacoma Rail's current fuel price above \$2.50 per gallon at the time of review. The Fuel Surcharge Rate will also include 10% to cover taxes and administrative costs.</p> <p>NOTE 3 – Fuel surcharge collected above or below actual cost of fuel over the previous three months will offset the new fuel surcharge rate appropriately. If the offset applied to the fuel surcharge drops below \$0.00, no fuel surcharge will apply.</p>

99999

**EXPLANATION OF ABBREVIATIONS AND REFERENCE:**

BNSF - BNSF Railway Company  
UP - Union Pacific Railroad Company  
FT - Freight Tariff  
TMBL - Tacoma Municipal Belt Line Railway and all lines served by it

[A] - Addition  
[I] - Increase  
[R] - Reduction  
[NC] - Brought forward without change  
[C] - Changes resulting in neither an increase nor a decrease

-END-

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**SEPTEMBER**

***FLEET SERVICES FUND***

**2017**

**FINANCIAL  
REPORT**





# Public Utility Board

MONIQUE TRUDNOWSKI

Chair

WOODROW JONES

Vice-Chair

KAREN LARKIN

Secretary

BRYAN FLINT

Member

MARK PATTERSON

Member

WILLIAM A. GAINES

Director of Utilities/CEO

DON ASHMORE

Utilities Fleet Manager

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Fleet Services is reporting a net operating loss of \$1.4 million year-to-date 2017 compared to a net gain of \$411,000 recorded for the same time period in 2016. Operating revenues decreased \$1.3 million and expenses increased \$490,000 respectively, resulting in a net decrease in operating income of \$1.8 million compared to 2016.

### **Revenues**

Fleet Services operating revenue is comprised of five categories: Maintenance, Capital Recovery, Administrative Overhead, Fuel and Fuel Loading and Pool Car Rentals. Operating revenues were \$4.6 million and \$5.8 million at the end of the third quarter of 2017 and 2016.

Maintenance revenues are mainly related to staff labor and were \$1.7 million at the end of the third quarter of both 2017 and 2016.

Capital recovery revenues are collected on each vehicle and piece of equipment based on anticipated equipment replacement needs for each business unit. Capital recovery revenues were \$1.7 million and \$3.5 million in 2017 and 2016 respectively.

Administrative Overhead revenue is the fee charged for each vehicle that is in service. The number of vehicles in service varies from month to month and the rate can vary based on type of vehicle. Administrative Overhead revenue was \$1.0 million and \$621,000 in 2017 and 2016 respectively. The increase of \$407,000 is due to a planned increase in overhead rates for the year.

Fuel and fuel loading revenues are affected by year to year changes in vehicle usage and fluctuations in fuel prices. Fuel related revenues were \$40,000 and \$34,000 in 2017 and 2016 respectively.

Pool car revenues are based on usage and were \$87,000 and \$89,000 for 2017 and 2016 respectively.

### **Expenses**

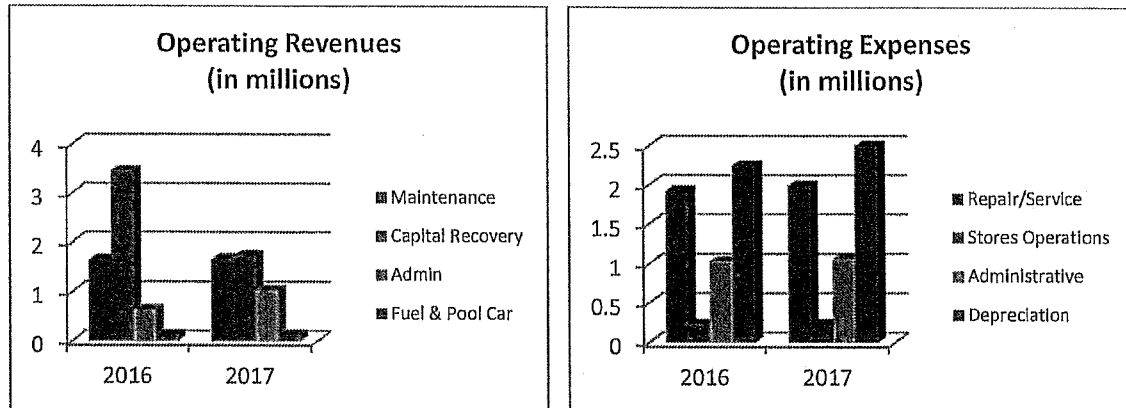
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$5.9 million and \$5.4 million year-to-date through the third quarter of 2017 and 2016.

Repairs and service expense relates to shop operations which provide preventive and corrective maintenance and repairs to vehicles and pieces of equipment for Tacoma Public Utilities and other service groups. Repair and service expenses were \$2.0 million and \$1.9 million in 2017 and 2016 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$232,000 and \$231,000 in 2017 and 2016.

Administration expenses were \$1.1 million and \$1.0 million in 2017 and 2016 respectively.


Depreciation expense was \$2.6 million and \$2.2 million in 2017 and 2016 respectively.



**Non-Operating Revenues (Expenses)**

Interest income was \$102,000 and \$99,000 for the third quarter of 2017 and 2016 respectively.

  
William A. Gaines  
Director of Utilities/CEO

  
Andrew Cherullo  
Finance Director

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES

FLEET SERVICES FUND

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*Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.*

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
FLEET SERVICES FUND

STATEMENTS OF NET POSITION  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	2017	2016
<b>ASSETS</b>		
<b>FIXED</b>		
Office Furniture and Equipment .....	\$616,901	\$616,901
Stores and Shop Equipment .....	719,381	692,125
Transportation Equipment .....	42,810,288	37,625,102
Power-Operated Equipment .....	19,105,895	18,944,220
Accumulated Depreciation .....	(39,962,288)	(39,154,800)
Total Fixed Assets .....	23,290,177	18,723,548
Construction Work in Progress .....	2,446,240	5,966,480
Net Fixed Assets .....	25,736,417	24,690,028
<b>CURRENT</b>		
Current Fund Cash & Equity in Pooled Investments	18,807,304	20,552,217
Materials and Supplies .....	304,558	281,273
Total Current Assets .....	19,111,862	20,833,490
<b>OTHER ASSETS</b>		
Net Pension Asset .....	-	101,261
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows for Pensions .....	964,710	240,412
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS.....</b>	<b>\$45,812,989</b>	<b>\$45,865,191</b>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

NET POSITION AND LIABILITIES	<u>2017</u>	<u>2016</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$25,736,416	\$24,690,028
Restricted for:		
Tacoma Power .....	18,095,346	18,095,346
Tacoma Water .....	7,199,933	7,199,933
Tacoma Rail .....	981,147	981,147
Net Pension Asset .....	-	101,261
Unrestricted .....	<u>(7,567,530)</u>	<u>(6,029,112)</u>
<b>TOTAL NET POSITION .....</b>	<b>44,445,312</b>	<b>45,038,603</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Other .....	131,825	391,738
Wages Payable .....	<u>113,566</u>	<u>108,028</u>
Total Current Liabilities .....	245,391	499,766
<b>LONG-TERM LIABILITIES</b>		
Employee Vacation and Sick Leave Accrual .....	231,004	219,922
Net Pension Liability .....	<u>835,359</u>	<u>-</u>
Total Long-term Liabilities .....	1,066,363	219,922
<b>TOTAL LIABILITIES .....</b>	<b>1,311,754</b>	<b>719,688</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflows for Pensions .....	<u>55,923</u>	<u>106,900</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b><u><u>\$45,812,989</u></u></b>	<b><u><u>\$45,865,191</u></u></b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
FLEET SERVICES FUND

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	SEPTEMBER 2017	SEPTEMBER 2016
<b>OPERATING REVENUE</b>		
Maintenance Revenue .....	\$167,054	\$172,226
Capital Recovery .....	205,191	385,013
Administrative Overhead .....	118,735	68,633
Fuel and Fuel Loading .....	1,914	4,465
Pool Car Rental .....	7,818	10,250
Total Operating Revenue .....	500,712	640,587
<b>OPERATING EXPENSES</b>		
Repairs and Servicing		
Shop Operations .....	222,869	164,640
Outside Services .....	(1,666)	99
Total Repairs and Servicing .....	221,203	164,739
Stores Operations .....	25,603	26,765
Administration .....	119,450	102,778
Depreciation .....	290,971	245,954
Total Operating Expenses .....	657,227	540,236
<b>OPERATING INCOME</b> .....	(156,515)	100,351
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	6,976	2,908
Gain (Loss) on Disposition of Equipment .....	-	-
Sale of Scrap .....	-	-
Total Non-Operating Revenues (Expenses) ....	6,976	2,908
Net Income Before Transfers .....	(149,539)	103,259
Transfers In .....	-	-
<b>CHANGE IN NET POSITION</b> .....	(\$149,539)	\$103,259
<b>TOTAL NET POSITION - JANUARY 1</b> .....		
<b>TOTAL NET POSITION - SEPTEMBER 30</b> .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2017 Financial Report.*

YEAR TO DATE

SEPTEMBER 2017	SEPTEMBER 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$1,662,476	\$1,650,928	\$11,548	0.7%
1,738,826	3,453,631	(1,714,805)	-49.7%
1,028,024	620,688	407,336	65.6%
39,898	33,897	6,001	17.7%
87,127	89,234	(2,107)	-2.4%
<u>4,556,351</u>	<u>5,848,378</u>	<u>(1,292,027)</u>	<u>-22.1%</u>
1,964,794	1,901,878	62,916	3.3%
27,127	21,899	5,228	23.9%
<u>1,991,921</u>	<u>1,923,777</u>	<u>68,144</u>	<u>3.5%</u>
231,609	231,217	392	0.2%
1,066,716	1,034,616	32,100	3.1%
<u>2,637,815</u>	<u>2,248,005</u>	<u>389,810</u>	<u>17.3%</u>
5,928,061	5,437,615	490,446	9.0%
(1,371,710)	410,763	(1,782,473)	-433.9%
101,518	99,275	2,243	2.3%
121,294	152,768	(31,474)	-20.6%
<u>12,513</u>	<u>6,875</u>	<u>5,638</u>	<u>82.0%</u>
235,325	258,918	(23,593)	-9.1%
(1,136,385)	669,681	(1,806,066)	-269.7%
-	2,181	(2,181)	-100.0%
<u>(1,136,385)</u>	<u>671,862</u>	<u>(1,808,247)</u>	<u>-269.1%</u>
<u>45,581,697</u>	<u>44,366,741</u>		
<u>\$44,445,312</u>	<u>\$45,038,603</u>		

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
FLEET SERVICES FUND

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash From Customers .....	\$4,802,501	\$6,658,589
Cash Paid to Suppliers .....	(1,630,580)	(1,787,111)
Cash Paid to Employees .....	(2,284,643)	(2,156,001)
	887,278	2,715,477
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net .....	(2,124,001)	(4,660,631)
Disposition of Equipment/Scrap.....	133,807	159,643
	(1,990,194)	(4,500,988)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received .....	101,518	99,275
	101,518	99,275
Net Change in Cash and Equity in Pooled Investments .....	(1,001,398)	(1,686,236)
Cash and Equity in Pooled Investments at January 1	19,808,702	22,238,453
Cash and Equity in Pooled Investments at September 30	\$18,807,304	\$20,552,217

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income .....	(\$1,371,710)	\$410,763
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization .....	2,637,815	2,248,005
Accounts Receivable .....	213,758	43,820
Interdivision Receivable .....	32,392	766,391
Materials and Supplies .....	(8,520)	3,151
Accounts Payable & Other .....	(553,192)	(17,354)
Interdivision Payable .....	(103,224)	(785,250)
Absences Payable .....	39,959	45,951
Total Adjustments .....	<u>2,258,988</u>	<u>2,304,714</u>
Net Cash Provided by Operating Activities .....	<u>\$887,278</u>	<u>\$2,715,477</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
FLEET SERVICES FUND

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 2017

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2017 .....	\$30,343,339	\$13,713,445	\$1,524,913	\$45,581,697
Contributions During Year .....	-	-	-	-
Equity Contrib. at Sept 30, 2017 ...	30,343,339	13,713,445	1,524,913	45,581,697
Current Year Operations:				
Total Operating Revenue * .....	3,033,124	1,370,797	152,430	4,556,351
Less: Repairs & Servicing Expense *	1,326,004	599,278	66,639	1,991,921
Administration Expense ** ...	970,772	282,647	44,906	1,298,325
Depreciation Expense .....	1,980,021	579,419	78,375	2,637,815
Total Expenses .....	4,276,797	1,461,344	189,920	5,928,061
Net Operating Revenue .....	(1,243,673)	(90,547)	(37,490)	(1,371,710)
Add: Other Income *** .....	155,456	71,962	7,907	235,325
Net Operating Results .....	(1,088,217)	(18,585)	(29,583)	(1,136,385)
Total Equity .....	<u>\$29,255,122</u>	<u>\$13,694,860</u>	<u>\$1,495,330</u>	<u>\$44,445,312</u>

\* Allocated to each division based on total receipts from the divisions.

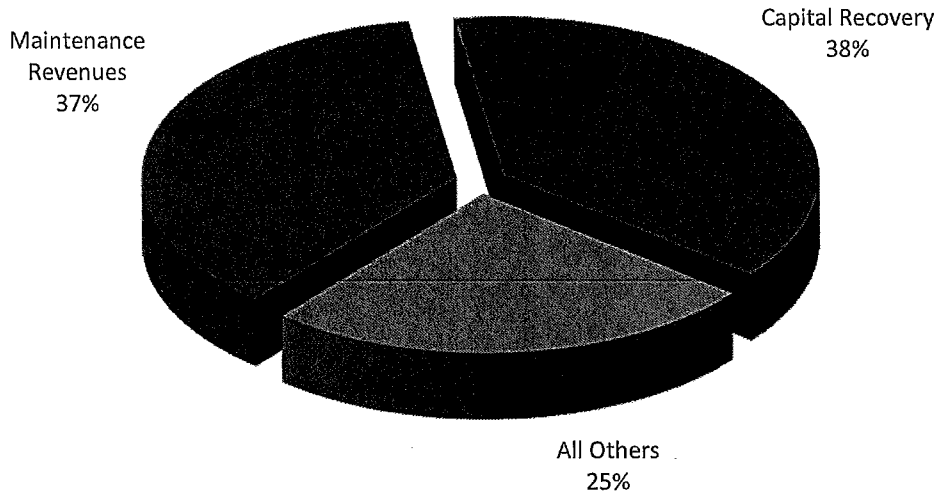
\*\* Allocated to each division based on vehicle count.

\*\*\* Allocated to each division based on total equity in the Fund.

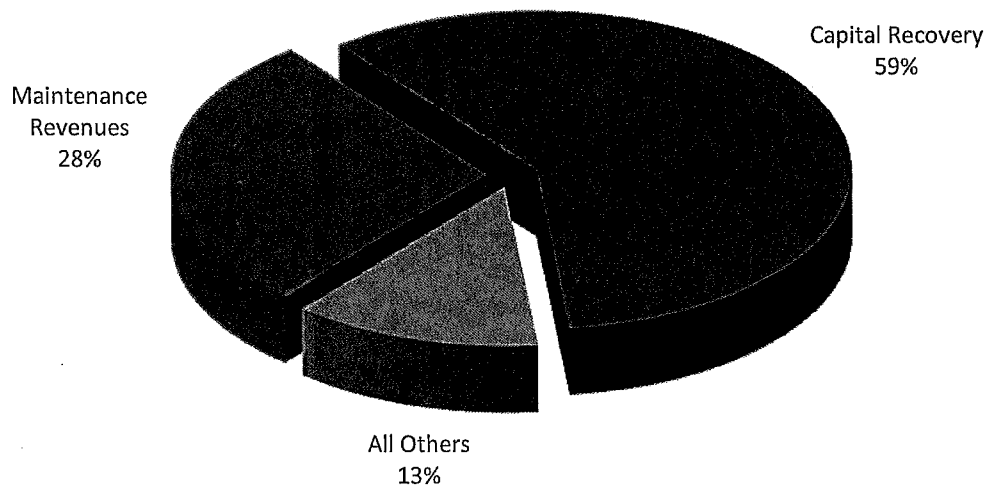


# Supplemental Data

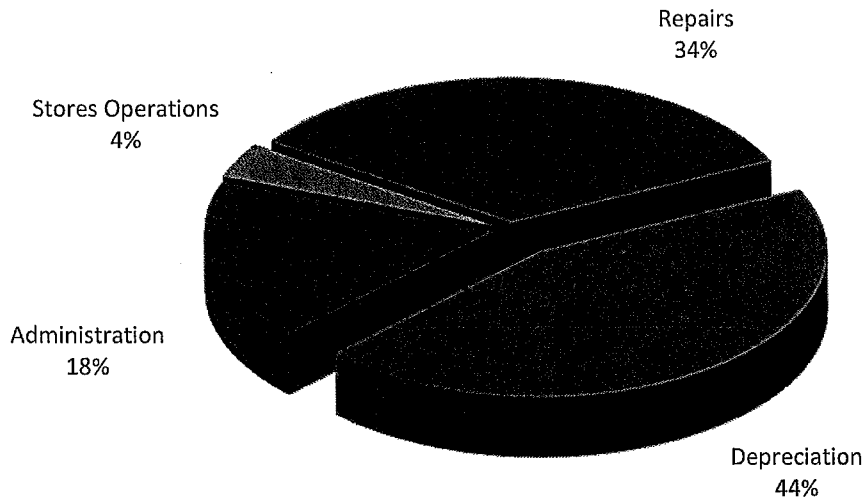
**TOTAL OPERATING REVENUES**  
**Year to Date - September 2017 (\$4,556,351)**



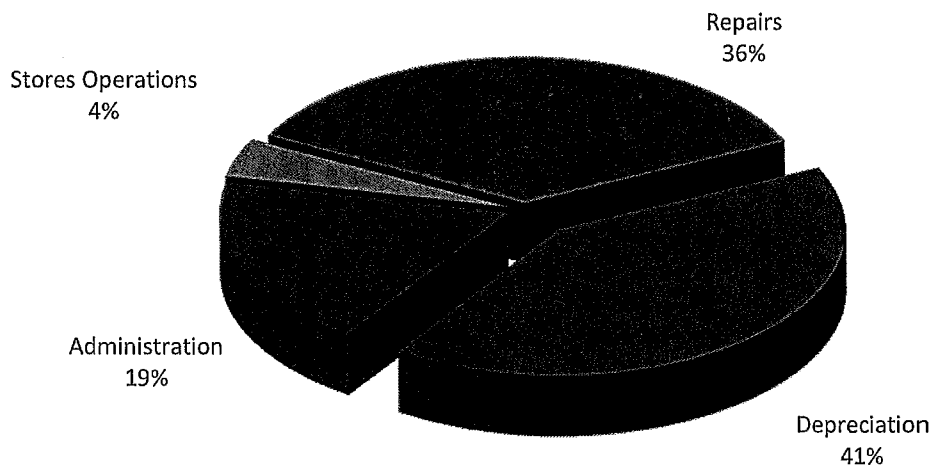
**TOTAL OPERATING REVENUES**  
**Year to Date - September 2016 (\$5,848,378)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - September 2017 (\$5,928,061)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - September 2016 (\$5,437,615)**





The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.

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**SEPTEMBER**

**TACOMA POWER**

**2017**

**FINANCIAL  
REPORT**





# Public Utility Board

MONIQUE TRUDNOWSKI  
Chair

WOODROW JONES  
Vice-Chair

KAREN LARKIN  
Secretary

BRYAN FLINT  
Member

MARK PATTERSON  
Member

WILLIAM A. GAINES  
Director of Utilities/CEO

CHRIS ROBINSON  
Power Superintendent/COO

ANDREW CHERULLO  
Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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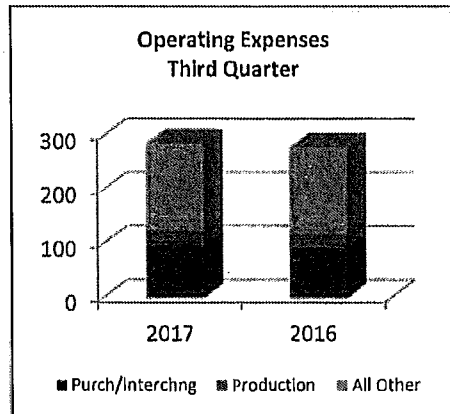
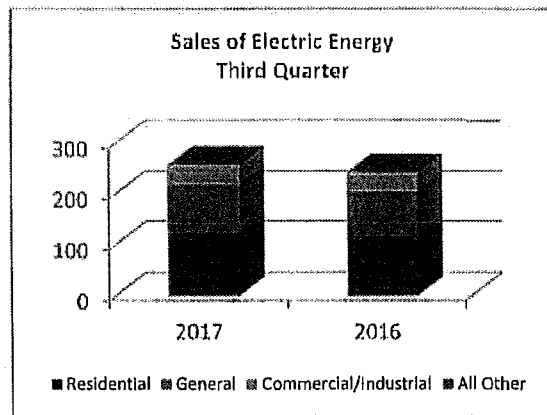
## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary

Tacoma Power's operating income at the end of the third quarter of 2017 was \$45.5 million compared to \$32.7 million a year earlier. Operating revenues increased \$20.4 million (6.5%) compared to the prior year. Operating expenses increased \$7.5 million (2.7%). Non-operating expenses increased in total \$1.0 million (11.6%) resulting in net income of \$35.9 million in 2017 compared to \$24.0 million in 2016.

### Revenues

In the third quarter of 2017, total electric energy sales increased \$19.9 million compared with the same period a year earlier. Sales to residential customers increased \$11.6 million (9.9%) primarily due to an increase in consumption. Revenues from commercial, general, and industrial customers increased \$3.7 million primarily due to an increase in rates.



### Expenses

Third quarter 2017 operating expenses were \$288.4 million, up \$7.5 million (2.7%) from 2016.

In 2016 Energy Conservation Agreement (ECA) credits were received in the amount of \$5.1 million. In 2017 only \$1.3 million in credits were received resulting in an increase of purchased power expense of \$3.9 million. Other portfolio purchases also increased \$1.3 million.

Cash from capital contributions increased \$8.3 million (203.1%) primarily due to payments from Puget Sound Energy for utility installation at the Taylor substation.

William A. Gaines  
Director of Utilities/CEO

  
for Andrew Cherullo  
Finance Director

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, LIGHT DIVISION  
Doing Business As

# TACOMA POWER

## TABLE OF CONTENTS

*Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.*

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

STATEMENTS OF NET POSITION - September 30, 2017 AND September 30, 2016

ASSETS AND DEFERRED OUTFLOWS	2017	2016
<b>UTILITY PLANT</b>		
Electric Plant in Service .....	\$2,035,146,932	\$1,912,431,369
Less Depreciation and Amortization .....	(1,037,410,049)	(984,896,423)
Total .....	997,736,883	927,534,946
Construction Work in Progress .....	34,210,991	91,531,063
Net Utility Plant .....	1,031,947,874	1,019,066,009
<b>NON-UTILITY PROPERTY</b> .....	182,051	182,051
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010B Construction Fund .....	-	199,644
2013 Construction Fund .....	3	31,698,683
2015 Construction Fund .....	6,978,450	423,824
Provision for Debt Service .....	13,552,480	14,303,951
Special Bond Reserves .....	4,997,639	4,997,639
Wynoochee Reserve--State of Washington .....	2,586,708	2,559,810
Total Restricted Assets .....	28,115,280	54,183,551
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	175,828,456	161,658,883
Customers' and Contractors' Deposits .....	2,663,784	2,772,370
Conservation Loan Fund .....	3,667,564	3,523,548
Rate Stabilization Fund .....	47,999,676	48,000,000
Receivables:		
Customers .....	16,888,768	13,460,661
Accrued Unbilled Revenue .....	28,587,295	29,427,771
Others .....	9,993,452	9,186,753
Provision for Uncollectibles .....	(2,882,751)	(1,802,707)
Materials and Supplies .....	6,861,874	6,641,641
Prepayments and Other .....	6,255,617	5,610,258
Total Current Assets .....	295,863,735	278,479,178
<b>OTHER ASSETS</b>		
Regulatory Asset - Conservation .....	48,209,966	46,952,609
Net Pension Asset .....	-	3,823,476
Conservation Loan Fund Receivables .....	2,608,995	2,630,512
Total Other Assets .....	50,818,961	53,406,597
Total Assets .....	1,406,927,901	1,405,317,386
<b>DEFERRED OUTFLOWS</b>		
Deferred Outflow for Pensions .....	39,469,454	9,077,586
Unamortized Loss on Refunding Bonds .....	-	474,984
Total Deferred Outflows .....	39,469,454	9,552,570
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	\$1,446,397,355	\$1,414,869,956

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

<b>NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<u>2017</u>	<u>2016</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$597,045,749	\$586,312,007
Restricted for:		
Wynoochee Reserve - State of Washington .....	2,586,708	2,559,810
Debt Service .....	8,681,251	9,547,501
Net Pension Asset .....	-	3,823,476
Unrestricted .....	<u>239,637,278</u>	<u>232,310,769</u>
<b>TOTAL NET POSITION .....</b>	<b><u>847,950,986</u></b>	<b><u>834,553,563</u></b>
<b>LONG-TERM DEBT</b>		
2010B Electric System Refunding Bonds .....	147,070,000	147,070,000
2010C Electric System Refunding Bonds .....	24,185,000	24,185,000
2013A Electric System Rev & Refunding Bonds .....	139,885,000	151,460,000
2013B Electric System Rev & Refunding Bonds .....	35,620,000	35,620,000
2017 Electric System Revenue Bonds .....	70,575,000	-
Total Bonded Indebtedness .....	<u>417,335,000</u>	<u>358,335,000</u>
Less: Unamortized Bond Premiums .....	27,738,639	19,415,827
Net Bonded Indebtedness .....	<u>445,073,639</u>	<u>377,750,827</u>
Line of Credit .....	250,000	80,250,000
Total Long-Term Debt .....	<u>445,323,639</u>	<u>458,000,827</u>
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	3,488,108	3,380,973
Taxes and Other Payables .....	9,865,137	11,715,790
Purchases and Transmission of Power Accrued .....	11,149,674	11,252,924
Interest Payable .....	4,871,229	4,756,450
Customers' Deposits .....	2,916,807	2,737,054
Current Portion of Long-Term Debt .....	11,575,000	12,730,000
Current Accrued Compensated Absences .....	1,075,771	1,058,072
Total Current Liabilities .....	<u>44,941,726</u>	<u>47,631,263</u>
<b>LONG TERM LIABILITIES</b>		
Long Term Accrued Compensated Absences .....	9,681,941	9,522,650
Net Pension Liability .....	34,177,293	-
Other Long Term Liabilities .....	14,033,787	13,125,264
Total Long Term Liabilities .....	<u>57,893,021</u>	<u>22,647,914</u>
<b>TOTAL LIABILITIES .....</b>	<b><u>548,158,386</u></b>	<b><u>528,280,004</u></b>
<b>DEFERRED INFLOWS</b>		
Deferred Inflow for Pensions .....	2,287,983	4,036,389
Rate Stabilization .....	48,000,000	48,000,000
Total Deferred Inflows .....	<u>50,287,983</u>	<u>52,036,389</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b><u>\$1,446,397,355</u></b>	<b><u>\$1,414,869,956</u></b>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
September 30, 2017 AND September 30, 2016

	September 2017	September 2016
<b>OPERATING REVENUES</b>		
Sales of Electric Energy .....	\$27,745,401	\$25,704,518
Other Operating Revenues .....	1,310,446	1,293,849
Click! Network Operating Revenues .....	2,185,211	2,174,079
Total Operating Revenue .....	31,241,058	29,172,446
<b>OPERATING EXPENSES</b>		
Production Expense		
Hydraulic Power Production .....	2,030,767	3,027,276
Other Production Expense .....	472,365	463,231
Total Expense Power Produced .....	2,503,132	3,490,507
Purchased Power .....	10,961,199	10,473,653
Total Production Expense .....	13,464,331	13,964,160
Transmission Expense .....	2,756,730	2,723,408
Distribution Expense .....	1,867,964	2,544,847
Click! Network Commercial Operations Expense .	1,971,699	2,043,175
Customer Accounts Expense (CIS) .....	1,210,093	1,004,959
Conservation and Other Customer Assistance ...	1,163,900	1,026,674
Taxes .....	1,982,781	1,912,856
Depreciation .....	4,737,983	4,647,604
Administrative and General .....	1,491,416	1,775,705
Total Operating Expenses .....	30,646,897	31,643,388
<b>OPERATING INCOME (LOSS) .....</b>	<b>594,161</b>	<b>(2,470,942)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	256,285	215,289
Contribution to Family Need .....	(8,333)	(40,000)
Other Net Non-Op Revenues and Deductions .....	(432,979)	16,041
Interest on Long-Term Debt .....	(1,915,387)	(1,650,687)
Amort. of Debt Related Costs .....	166,947	(25,294)
Interest Charged to Construction .....	90,084	327,722
Total Non-Operating Revenues (Expenses) ..	(1,843,383)	(1,156,929)
Net Income (Loss) Before Capital Contributions and Transfers .....	(1,249,222)	(3,627,871)
Capital Contributions		
Cash .....	442,435	190,360
Donated Fixed Assets .....	131,384	36,255
BABs and CREBs Interest Subsidies	329,553	329,553
Transfers		
City Gross Earnings Tax .....	(2,442,781)	(2,127,926)
Transfers from (to) Other Funds .....	-	-
<b>CHANGE IN NET POSITION .....</b>	<b>(\$2,788,631)</b>	<b>(\$5,199,629)</b>
TOTAL NET POSITION - January 1 .....		
TOTAL NET POSITION - September 30 .....		

YEAR TO DATE		2017 OVER	PERCENT CHANGE
September 30, 2017	September 30, 2016	(UNDER) 2016	
\$299,901,278	\$279,972,518	\$19,928,760	7.1%
14,040,232	13,596,587	443,645	3.3%
19,917,049	19,919,325	(2,276)	0.0%
<u>333,858,559</u>	<u>313,488,430</u>	<u>20,370,129</u>	6.5%
21,890,884	21,086,606	804,278	3.8%
4,038,536	3,941,539	96,997	2.5%
<u>25,929,420</u>	<u>25,028,145</u>	<u>901,275</u>	3.6%
100,888,642	95,202,833	5,685,809	6.0%
<u>126,818,062</u>	<u>120,230,978</u>	<u>6,587,084</u>	5.5%
23,373,806	23,990,105	(616,299)	-2.6%
21,959,953	24,343,972	(2,384,019)	-9.8%
18,611,010	19,044,315	(433,305)	-2.3%
11,075,845	10,169,589	906,256	8.9%
10,133,032	9,055,281	1,077,751	11.9%
15,231,329	14,956,780	274,549	1.8%
42,938,151	41,678,909	1,259,242	3.0%
18,222,414	17,347,751	874,663	5.0%
<u>288,363,602</u>	<u>280,817,680</u>	<u>7,545,922</u>	2.7%
<u>45,494,957</u>	<u>32,670,750</u>	<u>12,824,207</u>	39.3%
2,994,153	2,588,126	406,027	15.7%
(75,000)	(360,000)	285,000	-79.2%
(85,377)	1,017,575	(1,102,952)	-108.4%
(14,727,172)	(14,648,278)	(78,894)	0.5%
1,159,354	(227,644)	1,386,998	609.3%
1,102,711	2,998,846	(1,896,135)	-63.2%
<u>(9,631,331)</u>	<u>(8,631,375)</u>	<u>(999,956)</u>	11.6%
35,863,626	24,039,375	11,824,251	49.2%
12,396,830	4,090,423	8,306,407	203.1%
154,891	137,456	17,435	12.7%
2,829,544	2,831,521	(1,977)	-0.1%
(25,289,598)	(22,476,328)	(2,813,270)	12.5%
-	(2,181)	2,181	-100.0%
<u>25,955,293</u>	<u>8,620,266</u>	<u>17,335,027</u>	201.1%
<u>821,995,693</u>	<u>825,933,297</u>	<u>(3,937,604)</u>	-0.5%
<u>\$847,950,986</u>	<u>\$834,553,563</u>	<u>13,397,423</u>	

These statements should be read in conjunction with the Management Discussion and Analysis in the September 2017 Financial Report.

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

SUMMARY OF REVENUES AND BILLINGS  
September 30, 2017 AND September 30, 2016

	For the month of September 2017	For the month of September 2016
<b>OPERATING REVENUE</b>		
Sales of Electric Energy		
Residential .....	\$10,462,325	\$9,964,563
Commercial .....	2,118,025	2,186,127
General .....	9,858,426	9,350,781
Contract Industrial .....	1,974,085	1,854,972
Public Street and Highway Lighting .....	113,067	106,625
Sales to Other Electric Utilities .....	29,492	24,268
Total Sales to Customers .....	24,555,420	23,487,336
Bulk Power Sales .....	3,189,981	2,217,182
Total Sales of Electric Energy .....	27,745,401	25,704,518
Other Operating Revenue		
Rentals and Leases from Elect. Property ...	103,321	86,581
Wheeling .....	817,184	804,702
Service Fees and Other .....	389,941	402,566
Telecommunications Revenue .....	2,185,211	2,174,079
Total Other Operating Revenues .....	3,495,657	3,467,928
 TOTAL OPERATING REVENUES .....	 \$31,241,058	 \$29,172,446
 <b>BILLINGS (Number of Months Billed)</b>		
Residential .....	150,142	160,158
Commercial .....	15,221	16,255
General .....	2,397	2,557
Contract Industrial .....	2	2
Public Streets and Highway Lighting .....	1,084	1,086
Sales to Other Utilities .....	1	1
 TOTAL BILLINGS .....	 168,847	 180,059



YEAR TO DATE		2017 OVER (UNDER) 2016	PERCENT CHANGE
September 30, 2017	September 30, 2016		
\$128,839,377	\$117,263,794	\$11,575,583	9.9%
22,097,228	21,119,181	978,047	4.6%
89,487,710	87,202,903	2,284,807	2.6%
16,471,224	16,030,739	440,485	2.7%
1,014,516	1,064,339	(49,823)	-4.7%
313,578	251,798	61,780	24.5%
<u>258,223,633</u>	<u>242,932,754</u>	<u>15,290,879</u>	<u>6.3%</u>
<u>41,677,645</u>	<u>37,039,764</u>	<u>4,637,881</u>	<u>12.5%</u>
<u>299,901,278</u>	<u>279,972,518</u>	<u>19,928,760</u>	<u>7.1%</u>
2,582,658	2,483,656	99,002	4.0%
7,515,456	7,416,135	99,321	1.3%
3,942,118	3,696,796	245,322	6.6%
19,917,049	19,919,325	(2,276)	0.0%
<u>33,957,281</u>	<u>33,515,912</u>	<u>441,369</u>	<u>1.3%</u>
<u>\$333,858,559</u>	<u>\$313,488,430</u>	<u>\$20,370,129</u>	<u>6.5%</u>
1,423,881	1,427,719	(3,838)	-0.3%
143,283	142,451	832	0.6%
23,032	23,950	(918)	-3.8%
18	18	-	0.0%
8,480	8,444	36	0.4%
9	9	-	0.0%
<u>1,598,703</u>	<u>1,602,591</u>	<u>(3,888)</u>	<u>-0.2%</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

GROSS GENERATION REPORT - September 30, 2017 AND September 30, 2016

	For the month of September 2017	For the month of September 2016
KWH GENERATED, PURCHASED AND INTERCHANGED - Gross		
Generated - LaGrande .....	15,789,000	15,660,000
Generated - Alder .....	11,788,000	9,607,000
TOTAL NISQUALLY .....	27,577,000	25,267,000
Generated - Cushman No. 1 .....	9,693,000	14,200,000
Generated - Cushman No. 2 .....	14,138,000	23,018,000
TOTAL CUSHMAN .....	23,831,000	37,218,000
Generated - Mossyrock .....	47,801,000	44,455,000
Generated - Mayfield .....	28,846,000	26,726,000
TOTAL COWLITZ .....	76,647,000	71,181,000
Generated - Wynoochee .....	930,000	-
Generated - Hood Street .....	152,700	402,700
Tacoma's Share of Priest Rapids .....	1,540,000	1,376,000
Tacoma's Share of GCPHA .....	27,436,000	26,402,000
TOTAL KWH GENERATED - TACOMA SYSTEM .....	158,113,700	161,846,700
Purchased Power		
BPA Slice Contract .....	146,846,000	130,418,000
BPA Block Contract .....	112,206,000	110,554,000
Interchange Net .....	(70,208,000)	(63,545,000)
TOTAL KWH GENERATED, PURCHASED AND INTERCHANGED ..	346,957,700	339,273,700
Losses .....	2,799,190	2,551,659
Baldi Replacement .....	17,004	112,940
Ketron .....	13,682	14,216
NT PC Mutuals Schedules .....	(1,769,000)	(1,783,000)
PC Mutual Inadvertent .....	(98,518)	(148,584)
TACOMA SYSTEM FIRM LOAD .....	347,920,058	340,020,931
Maximum Kilowatts (System Firm Load) .....	685,804	635,789
Average Kilowatts (System Firm Load) .....	501,204	493,031
PIERCE COUNTY MUTUAL LOAD .....	95,194,000	92,028,000
KWH BILLED		
Residential Sales .....	109,599,913	111,460,658
Commercial Sales .....	23,277,433	24,587,708
General .....	156,155,757	157,701,398
Contract Industrial .....	45,028,440	44,408,700
Public Street and Highway Lighting .....	2,399,366	2,408,916
Sales to Other Electric Utilities .....	526,500	456,300
TOTAL FIRM .....	336,987,409	341,023,680
Bulk Power Sales .....	89,704,000	77,285,000
TOTAL KWH BILLED .....	426,691,409	418,308,680

YEAR TO DATE		2017 OVER (UNDER) 2016	PERCENT CHANGE
September 30 2017	September 30 2016		
288,731,000	263,415,000	25,316,000	9.6%
162,857,000	176,641,000	(13,784,000)	-7.8%
451,588,000	440,056,000	11,532,000	2.6%
88,324,000	98,888,000	(10,564,000)	-10.7%
135,543,000	165,027,000	(29,484,000)	-17.9%
223,867,000	263,915,000	(40,048,000)	-15.2%
951,852,000	869,453,000	82,399,000	9.5%
647,979,000	549,218,000	98,761,000	18.0%
1,599,831,000	1,418,671,000	181,160,000	12.8%
21,182,000	21,084,000	98,000	0.5%
2,051,600	2,343,500	(291,900)	-12.5%
22,227,000	20,416,000	1,811,000	8.9%
214,159,000	239,969,000	(25,810,000)	-10.8%
2,534,905,600	2,406,454,500	128,451,100	5.3%
1,975,883,000	1,711,437,000	264,446,000	15.5%
1,145,440,000	1,128,567,000	16,873,000	1.5%
(2,018,240,000)	(1,758,468,000)	(259,772,000)	14.8%
3,637,988,600	3,487,990,500	149,998,100	4.3%
30,489,268	33,958,874	(3,469,606)	-10.2%
559,165	1,483,990	(924,825)	-62.3%
208,989	167,809	41,180	24.5%
(22,319,000)	(20,342,000)	(1,977,000)	9.7%
23,766,847	3,131,638	20,635,209	658.9%
3,670,693,869	3,506,390,811	164,303,058	4.7%
1,092,691,000	1,015,482,000	77,209,000	7.6%
1,490,549,531	1,385,455,045	105,094,486	7.6%
249,328,620	241,152,954	8,175,666	3.4%
1,461,799,443	1,470,572,789	(8,773,346)	-0.6%
378,289,920	378,836,480	(546,560)	-0.1%
22,028,547	24,127,703	(2,099,156)	-8.7%
5,726,700	4,709,700	1,017,000	21.6%
3,607,722,761	3,504,854,671	102,868,090	2.9%
2,272,495,000	1,990,547,000	281,948,000	14.2%
5,880,217,761	5,495,401,671	384,816,090	7.0%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	September 30, 2017	September 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers .....	\$339,880,516	\$323,311,709
Cash Paid to Suppliers .....	(157,112,985)	(147,696,521)
Cash Paid to Employees .....	(86,635,325)	(84,282,223)
Taxes Paid .....	(16,281,628)	(15,656,752)
Conservation Loans .....	(66,525)	(1,207,475)
Net Cash from Operating Activities .....	79,784,053	74,468,738
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer Out for Gross Earnings Tax .....	(25,289,598)	(22,476,328)
Transfer to Fleet Services Fund .....	-	(2,181)
Transfer to Family Need Fund .....	(75,000)	(360,000)
Net Cash from Non-Capital Financing Activities ..	(25,364,598)	(22,838,509)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures .....	(40,219,358)	(54,797,742)
Proceeds from Long-Term Debt .....	70,575,000	30,000,000
Debt Issuance Costs .....	(242,313)	-
Principal Payments on Long-Term Debt .....	(12,730,000)	(14,735,000)
Payments for Early Extinguishment of Debt .....	(80,000,000)	-
Premium on Sale of Bonds .....	9,881,268	-
Interest Paid .....	(19,368,848)	(19,772,458)
BABs and CREBs Interest Subsidies .....	2,829,544	2,831,521
Contributions in Aid of Construction .....	12,396,830	4,090,423
Net Cash from Capital and Related Financing Activities .....	(56,877,877)	(52,383,256)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received .....	2,994,153	2,588,126
Other Net Non-Op Revenues and Deductions .....	156,936	1,017,575
Net Cash from Investing Activities .....	3,151,089	3,605,701
<b>Net Increase Change in Cash and</b>		
Equity in Pooled Investments .....	692,667	2,852,674
Cash and Equity in Pooled Investments at January 1 ..	257,582,093	267,285,678
Cash and Equity in Pooled Investments at September 30.	258,274,760	\$270,138,352

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA POWER

STATEMENTS OF CASH FLOWS

	September 30, 2017	September 30, 2016
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Operating Income .....	\$45,494,957	\$32,670,750
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation .....	42,938,151	41,678,909
Amortization of Regulatory Assets .....	5,639,461	4,869,255
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue .....	6,021,958	9,823,279
Conservation Loans Receivable .....	(66,525)	(1,207,475)
Interfund Receivables .....	2,226,220	1,484,313
Inventory, Materials and Supplies, and Other ....	735,599	(176,252)
Taxes and Other Payables .....	(17,592,546)	(8,640,977)
Purchased Power Payable .....	(1,489,468)	(760,554)
Salaries and Wages Payable .....	1,651,166	1,951,626
Customers' Deposits .....	144,412	(371,754)
Regulatory Assets - Conservation .....	(3,778,423)	(5,527,941)
Interfund Payables .....	(2,140,909)	(1,324,441)
Total Adjustments .....	34,289,096	41,797,988
Net Cash from Operating Activities .....	\$79,784,053	\$74,468,738
 <b>Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:</b>		
Cash and Equity in Pooled Investments		
in Special Funds .....	\$28,115,280	\$54,183,551
Cash and Equity in Pooled Investments		
in Operating Funds.....	230,159,480	215,954,801
Cash and Equity in Pooled Investments		
at September 30 .....	\$258,274,760	\$270,138,352

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
CLICK! NETWORK  
COMMERCIAL OPERATIONS

OPERATIONAL SUMMARY - September 30, 2017

	<u>September 2017</u>	<u>September 2016</u>
<b>TELECOMMUNICATIONS REVENUE</b>		
CATV .....	\$1,468,628	\$1,458,035
Broadband .....	89,277	96,805
ISP .....	605,568	596,591
Interdepartmental .....	21,738	22,648
Total Operating Revenue .....	<u>2,185,211</u>	<u>2,174,079</u>
<b>TELECOMMUNICATIONS EXPENSE-COMMERCIAL</b>		
Administration & Sales Expense .....		
Salaries & Wages Expense .....	246,872	249,809
General Expense .....	39,327	40,713
Contract Services .....	1,118,140	1,086,475
IS & Intergovernmental Services .....	126,202	110,797
Fleet Services .....	1,221	602
Capitalized A & G Expense .....	(2,273)	(7,168)
Total Admin. & Sales Expense .....	<u>1,529,489</u>	<u>1,481,228</u>
Operations & Maintenance Expense ...		
Salaries & Wages Expense .....	397,654	439,368
General Expense .....	24,254	61,943
Contract Services .....	19,455	43,230
IS & Intergovernmental Services .....	2,865	5,114
Fleet Services .....	17,426	40,886
New Connect Capital .....	(19,444)	(28,594)
Total Oper. & Maint. Expense .....	<u>442,210</u>	<u>561,947</u>
Total Telecommunications Expense .	1,971,699	2,043,175
Net Revenues (Expenses) Before Taxes and Depreciation and Amortization ....	213,512	130,904
Taxes .....	303,858	300,517
Depreciation and Amortization .....	203,689	219,367
	<u>507,547</u>	<u>519,884</u>
NET OPERATING REVENUES (EXPENSES) ....	<u>(294,035)</u>	<u>(388,980)</u>

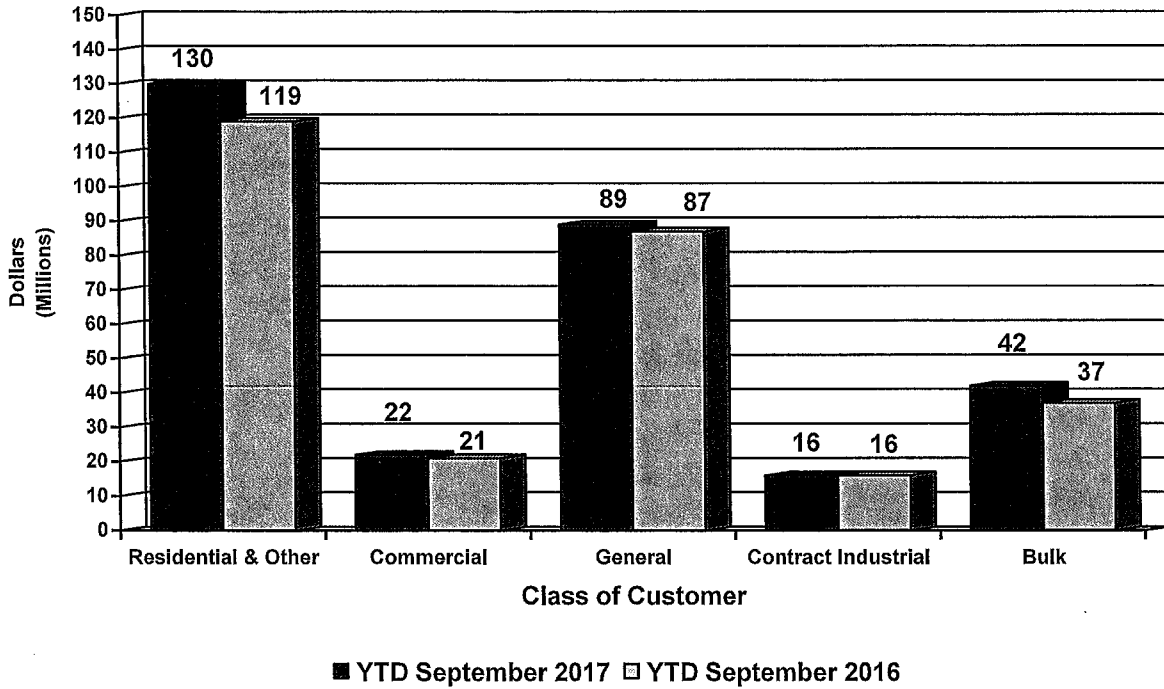
YEAR TO DATE			
September 30 2017	September 30 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$13,395,398	\$13,535,328	(\$139,930)	-1.0%
815,212	873,579	(58,367)	-6.7%
5,495,972	5,273,632	222,340	4.2%
210,467	236,786	(26,319)	-11.1%
<u>19,917,049</u>	<u>19,919,325</u>	<u>(2,276)</u>	0.0%
2,391,596	2,438,890	(47,294)	-1.9%
321,910	461,786	(139,876)	-30.3%
9,927,850	9,943,117	(15,267)	-0.2%
1,175,431	1,048,770	126,661	12.1%
6,807	3,447	3,360	97.5%
(30,199)	(37,010)	6,811	18.4%
<u>13,793,395</u>	<u>13,859,000</u>	<u>(65,605)</u>	-0.5%
3,972,544	4,120,099	(147,555)	-3.6%
306,927	347,963	(41,036)	-11.8%
381,818	486,983	(105,165)	-21.6%
35,980	29,697	6,283	21.2%
210,650	324,101	(113,451)	-35.0%
(90,304)	(123,528)	33,224	26.9%
<u>4,817,615</u>	<u>5,185,315</u>	<u>(367,700)</u>	-7.1%
18,611,010	19,044,315	(433,305)	-2.3%
1,306,039	875,010	431,029	49.3%
2,759,951	2,746,304	13,647	0.5%
1,844,701	2,016,438	(171,737)	-8.5%
<u>4,604,652</u>	<u>4,762,742</u>	<u>(158,090)</u>	
<u>(3,298,613)</u>	<u>(3,887,732)</u>	<u>589,119</u>	15.2%

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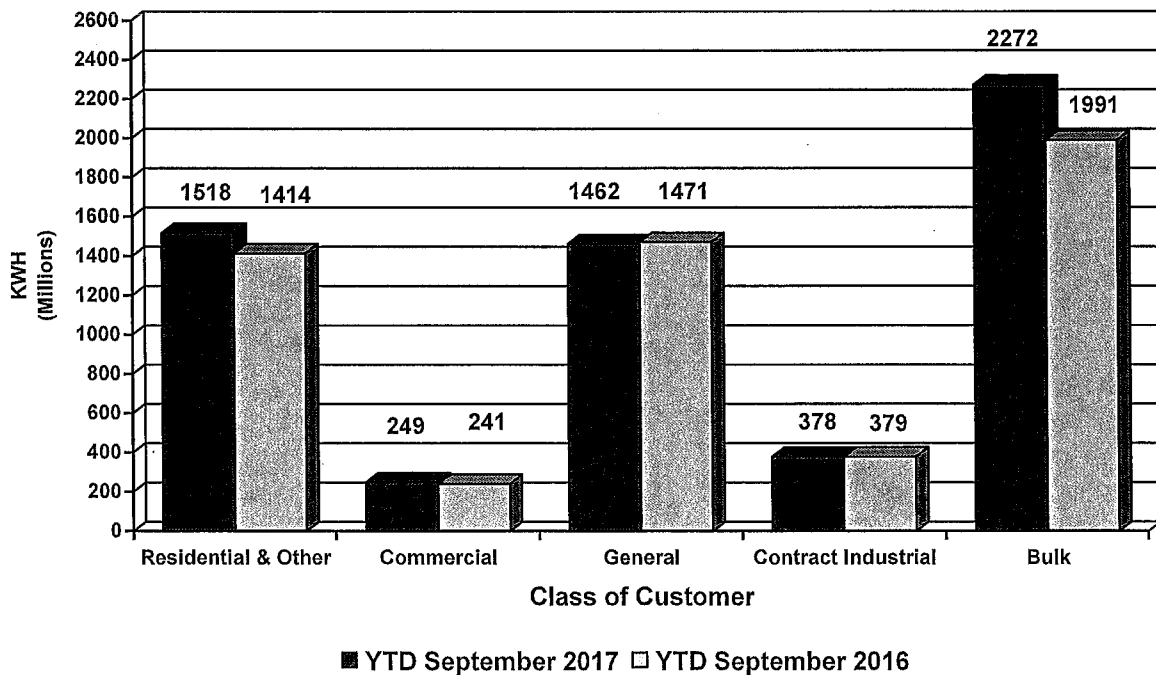


# Supplemental Data

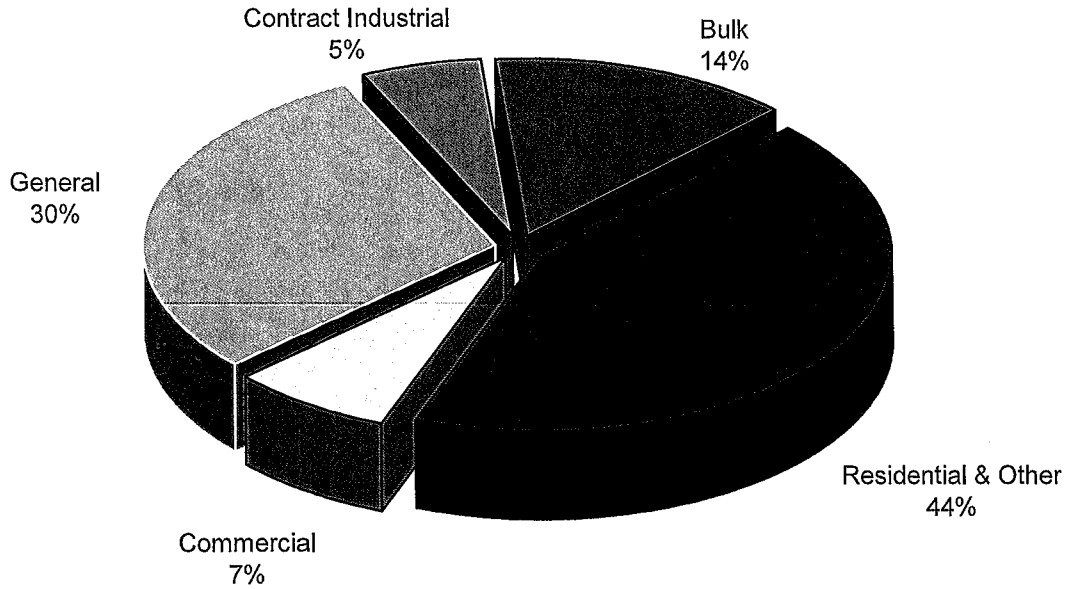
**SALES OF ELECTRIC ENERGY**  
Year to Date - September 2017 & 2016



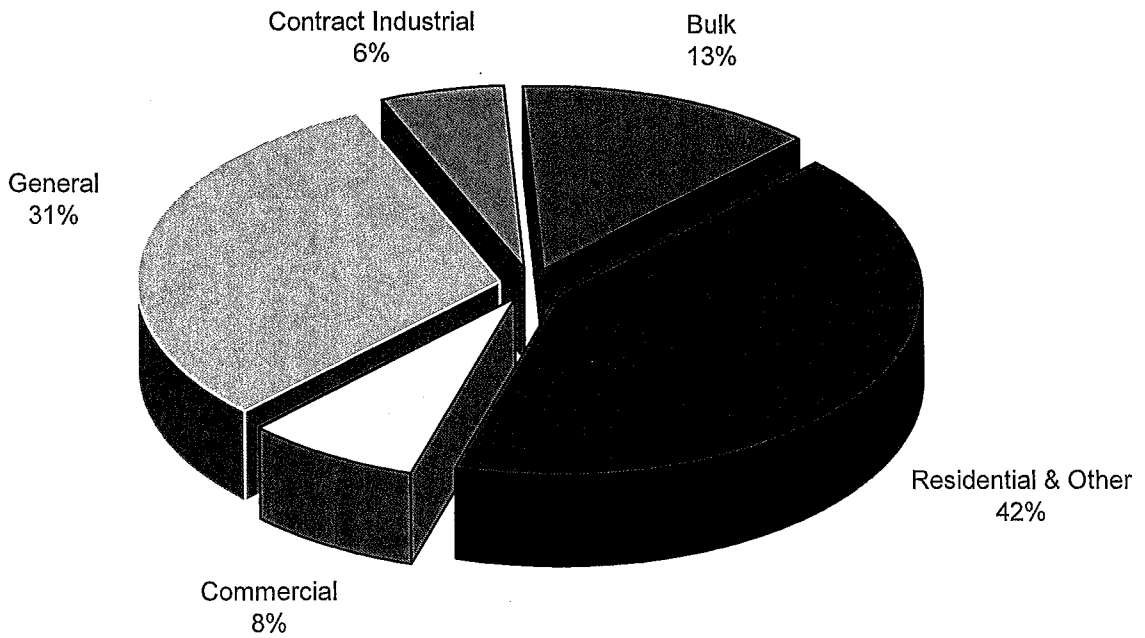
**TOTAL POWER BILLED**  
Year to Date - September 2017 & 2016



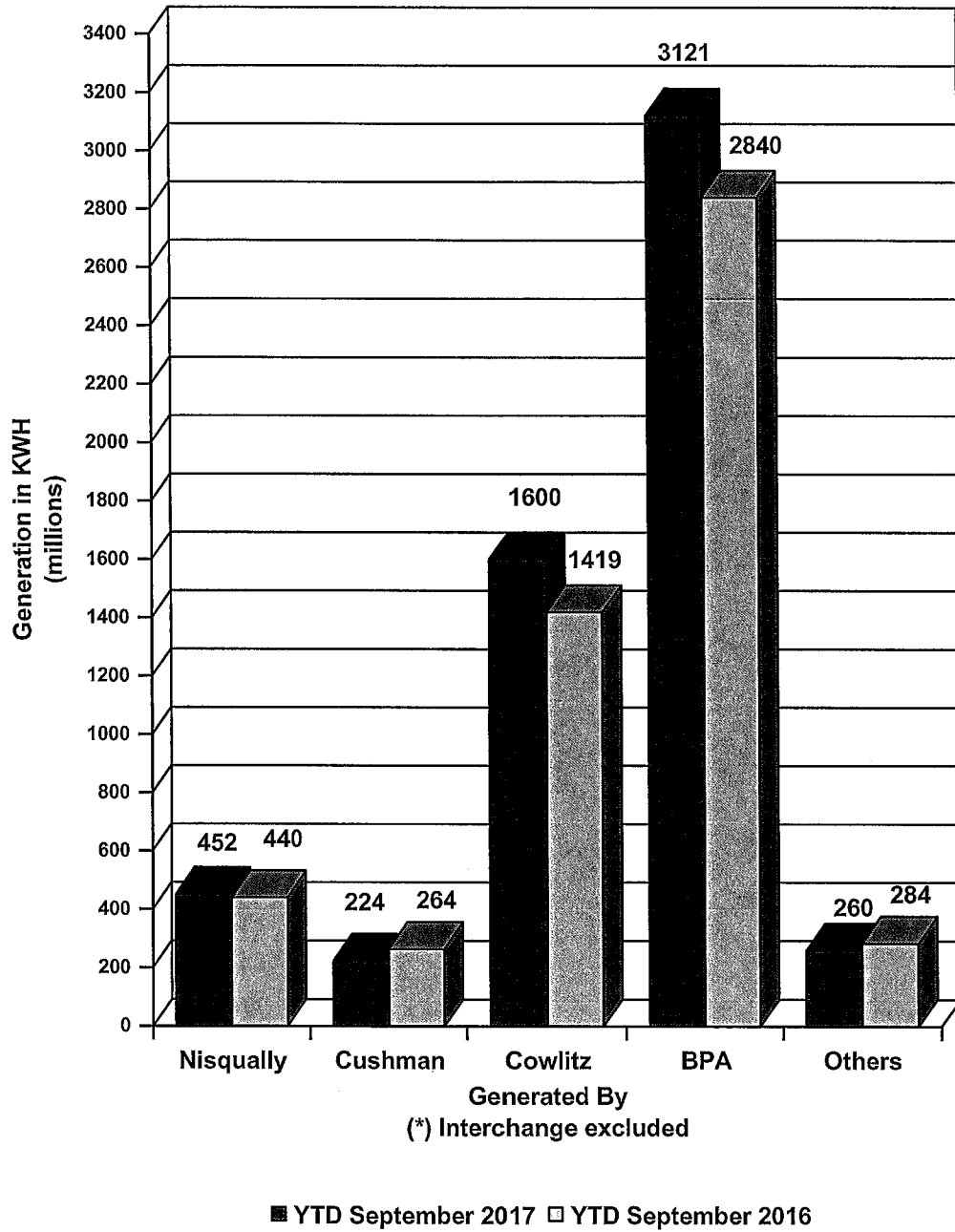
**SALES OF ELECTRIC ENERGY**  
**Year to Date - September 2017 (\$299,901,278)**



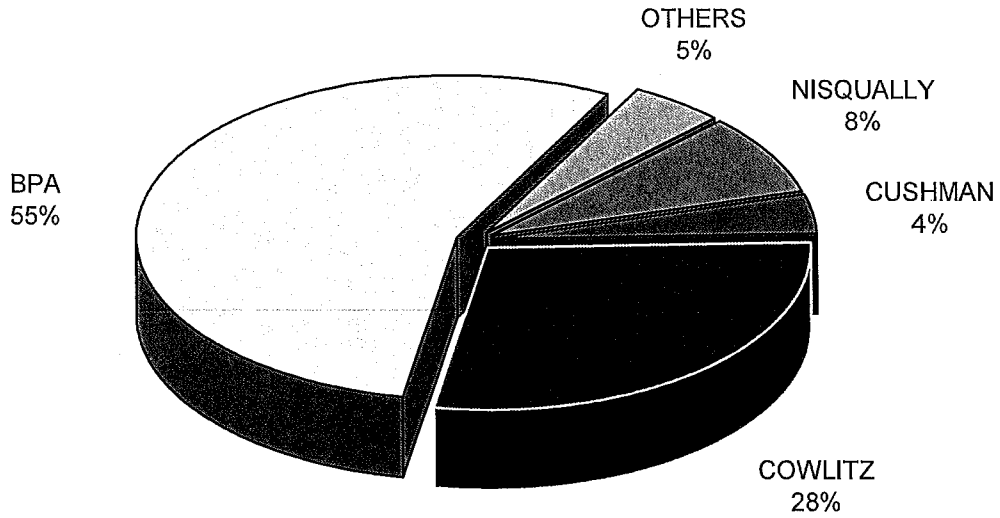
**SALES OF ELECTRIC ENERGY**  
**Year to Date - September 2016 (\$279,972,518)**



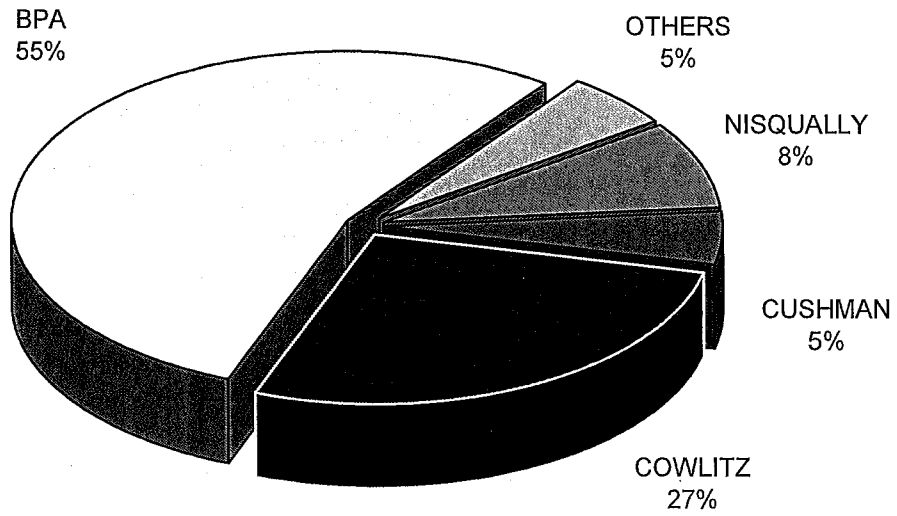
**POWER SOURCES (\*)**  
**Year to Date September 2017 & 2016**



**POWER SOURCES (\*)**  
**Year to Date - September 2017**

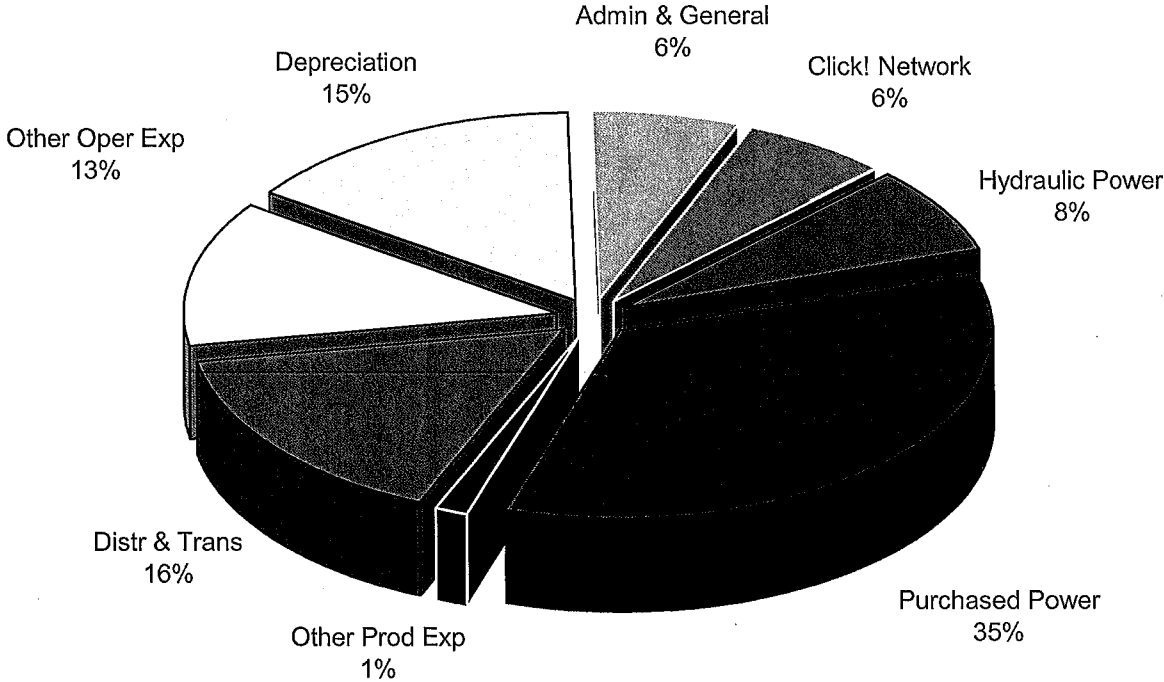


**POWER SOURCES (\*)**  
**Year to Date - September 2016**

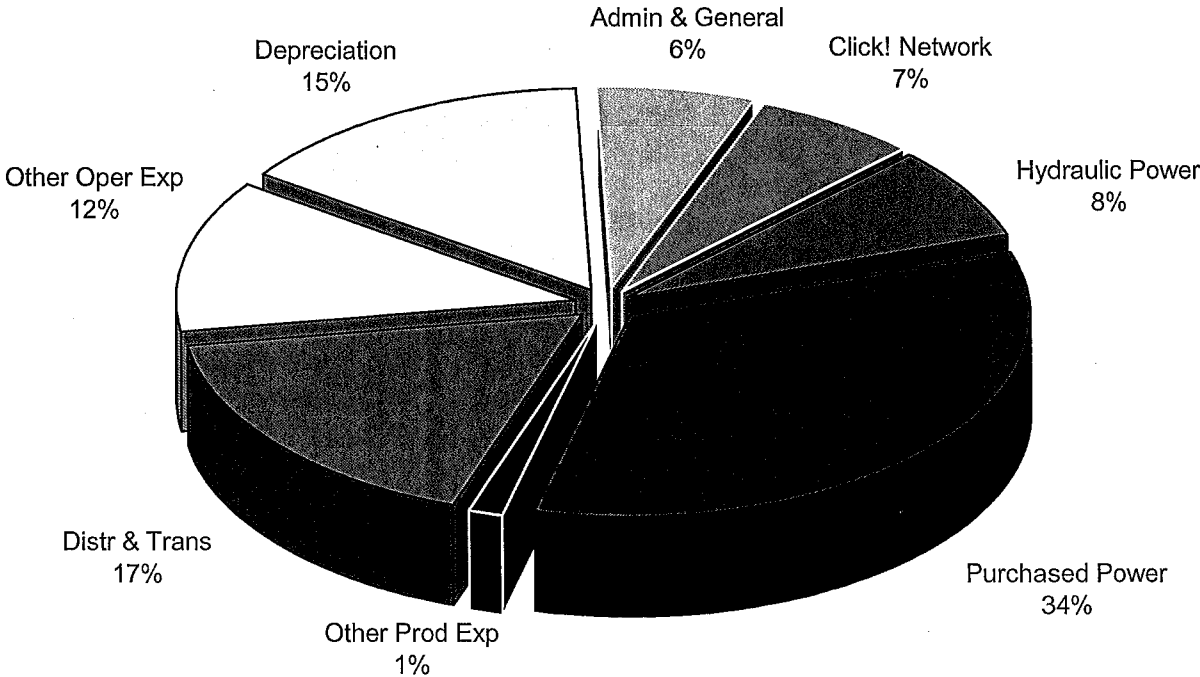


(\*) Interchange excluded

**TOTAL OPERATING EXPENSES \***  
**Year to Date - September 2017 (\$288,363,602)**



**TOTAL OPERATING EXPENSES \***  
**Year to Date - September 2016 (\$280,817,680)**



\* City Gross Earnings Taxes are not included in Total Operating Expenses.



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**SEPTEMBER**

**TACOMA RAIL**

**2017**

**FINANCIAL  
REPORT**







# Public Utility Board

MONIQUE TRUDNOWSKI  
Chair

WOODROW JONES  
Vice-Chair

KAREN LARKIN  
Secretary

BRYAN FLINT  
Member

MARK PATTERSON  
Member

WILLIAM A. GAINES  
Director of Utilities/CEO

DALE KING  
Rail Superintendent

ANDREW CHERULLO  
Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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## MANAGEMENT DISCUSSION AND ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2017 year to date net operating income of \$2.7 million compared to \$2.5 million in 2016. Operating revenues increased \$138,000 (0.6%), and operating expenses decreased \$21,000 (-0.1%) year to date in 2017 compared to 2016.

Operating revenues were \$23.3 million at the end of third quarter 2017, compared to \$23.2 million in 2016. Total switching revenues decreased \$283,000 primarily due to decreases as shown in the table below.

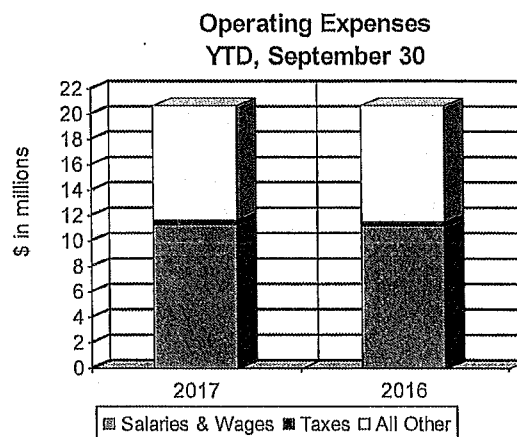
Activity Types	Rail Cars				Switching Revenues			
	2017	2016	Var	%Chg	2017	2016	Var	%Chg
Intermodal Line Hauls	47,979	56,576	(8,597)	-15.2%	\$ 8,276	\$ 9,435	\$ (1,159)	-12.3%
Commercial Line Hauls	21,413	23,085	(1,672)	-7.2%	9,721	9,693	28	0.3%
Capital Div. Line Hauls	521	616	(95)	-15.4%	218	262	(44)	-16.8%
Miscellaneous Switches	12,070	2,663	9,407	353.2%	2,129	1,237	892	72.1%
Total Line Hauls	81,983	82,940	(957)	-1.2%	\$ 20,344	\$ 20,627	\$ (283)	-1.4%

Demurrage and other operating revenues increased \$421,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$20.7 million year to date in both 2017 and 2016.


Salaries and wages were \$122,000 higher due to cost of living adjustments and increased overtime.


Supplies and expenses decreased \$264,000 primarily due to a decrease in intermodal volume incentives.



Depreciation increased \$122,000 due to an increase in depreciable assets of \$3.5 million compared to the same period in 2016.

Tacoma Rail's working capital ratios year to date of 2017 and 2016 were 7.1 and 6.0, respectively.

  
William A. Gaines  
Director of Utilities/CEO

  
Andrew Cherullo  
Finance Director

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, BELT LINE DIVISION  
Doing Business As

# TACOMA RAIL

## TABLE OF CONTENTS

*Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.*

STATEMENTS OF NET POSITION .....	1 - 2
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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA RAIL

STATEMENTS OF NET POSITION

ASSETS	SEPTEMBER 30,	
	2017	2016
<b>CAPITAL ASSETS</b>		
Road and Equipment Property .....	\$44,810,611	\$41,313,215
Less Accumulated Depreciation .....	(20,074,389)	(18,479,407)
Total .....	24,736,222	22,833,808
Construction Work in Progress .....	2,964,151	3,603,289
Net Capital Assets .....	27,700,373	26,437,097
<b>SPECIAL FUNDS</b>		
Cash and Equity in Pooled Investments:		
Debt Service Funds .....	-	65,104
Total Special Funds .....	-	65,104
<b>CURRENT ASSETS</b>		
Cash & Equity in Pooled Investments .....	9,207,753	9,468,665
Customer Accounts Receivable .....	2,667,960	2,976,691
Prepayments .....	1,467,109	1,584,177
Materials and Supplies Inventory.....	1,078,375	998,415
Total Current Assets .....	14,421,197	15,027,948
<b>TOTAL ASSETS</b> .....	\$42,121,570	\$41,530,149

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

NET POSITION AND LIABILITIES	SEPTEMBER 30,	SEPTEMBER 30,
	2017	2016
<b>NET POSITION</b>		
Net Investment in Capital Assets.....	\$21,528,694	\$19,760,999
Restricted for:		
Debt Service .....	-	65,104
Unrestricted .....	9,167,629	9,642,978
TOTAL NET POSITION .....	30,696,323	29,469,081
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>		
2006 Senior Lien Revenue Bond .....	-	471,437
State Loans.....	5,351,430	5,425,665
Total Long-Term Liabilities .....	5,351,430	5,897,102
<b>CURRENT LIABILITIES</b>		
Accounts Payable .....	453,982	378,752
Customer Deposits .....	-	10,500
Wages Payable .....	393,006	349,677
Unemployment and other Tax Payables .....	249,489	261,883
Volume Incentive Payable .....	-	625,000
Current Portion of Long Term Debt .....	820,250	778,996
Interest Payable .....	-	5,125
Current Portion of Compensated Absences .....	111,516	113,117
Total Current Liabilities .....	2,028,243	2,523,050
<b>LONG-TERM LIABILITIES</b>		
On the Job Injury Reserve .....	801,007	746,504
Long Term Portion of Compensated Absences .....	1,003,644	1,018,056
Other Long-Term Liabilities .....	2,240,923	1,876,356
Total Long-Term Liabilities .....	4,045,574	3,640,916
TOTAL LIABILITIES .....	11,425,247	12,061,068
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b>\$42,121,570</b>	<b>\$41,530,149</b>



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	<u>SEPTEMBER</u> 2017	<u>SEPTEMBER</u> 2016
<b>OPERATING REVENUES</b>		
Switching Revenues .....	\$1,969,289	\$2,289,429
Demurrage and Other Operating Revenues .....	264,014	174,482
Total Operating Revenues .....	<u>2,233,303</u>	<u>2,463,911</u>
<b>OPERATING EXPENSES</b>		
Maintenance of Way and Structures .....		
Salaries and Wages .....	49,069	78,068
Supplies and Expense .....	134,103	94,793
Mechanical .....		
Salaries and Wages .....	150,304	155,569
Supplies and Expense .....	252,426	248,362
Operations .....		
Salaries and Wages .....	711,148	905,496
Supplies and Expense .....	123,953	149,520
Administration .....		
Salaries and Wages .....	184,649	166,256
Supplies and Expense .....	260,935	410,426
Taxes - State .....	31,687	75,765
Depreciation .....	136,277	122,592
Total Operating Expenses .....	<u>2,034,551</u>	<u>2,406,847</u>
Net Operating Income .....	198,752	57,064
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	8,025	7,990
Miscellaneous .....	74,731	98,926
Interest Expense .....	-	(854)
Total Non-Operating Revenues .....	<u>82,756</u>	<u>106,062</u>
Contributions - Grants .....	-	-
Contributions - Others .....	-	-
Total Contributions .....	<u>-</u>	<u>-</u>
Transfers		
City of Tacoma Gross Earnings Tax .....	(185,285)	(441,663)
<b>CHANGE IN NET POSITION .....</b>	<u><u>\$96,223</u></u>	<u><u>(\$278,537)</u></u>
<b>TOTAL NET POSITION - JANUARY 1 .....</b>		
<b>TOTAL NET POSITION - SEPTEMBER 30 .....</b>		

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2017 Financial Report.*

YEAR TO DATE			
SEPTEMBER 30, 2017	SEPTEMBER 30, 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$20,344,121	\$20,626,650	(\$282,529)	-1.4%
2,990,287	2,569,508	420,779	16.4%
<u>23,334,408</u>	<u>23,196,158</u>	<u>138,250</u>	<u>0.6%</u>
690,647	775,390	(84,743)	-10.9%
962,966	1,269,683	(306,717)	-24.2%
1,457,044	1,494,866	(37,822)	-2.5%
2,332,339	2,050,568	281,771	13.7%
7,386,388	7,179,884	206,504	2.9%
1,222,180	1,093,905	128,275	11.7%
1,774,759	1,736,885	37,874	2.2%
3,291,105	3,658,415	(367,310)	-10.0%
329,023	330,298	(1,275)	-0.4%
1,227,096	1,105,071	122,025	11.0%
<u>20,673,547</u>	<u>20,694,965</u>	<u>(21,418)</u>	<u>-0.1%</u>
2,660,861	2,501,193	159,668	6.4%
96,631	89,447	7,184	8.0%
806,317	980,970	(174,653)	-17.8%
(6)	(11,081)	11,075	-99.9%
<u>902,942</u>	<u>1,059,336</u>	<u>(156,394)</u>	<u>-14.8%</u>
-	801,949	(801,949)	-100.0%
36,254	4,110	32,144	782.1%
<u>36,254</u>	<u>806,059</u>	<u>(769,805)</u>	<u>-95.5%</u>
(1,937,632)	(1,939,168)	(1,536)	-0.1%
1,662,425	2,427,420	(\$764,995)	-31.5%
<u>29,033,898</u>	<u>27,041,661</u>		
<u>\$30,696,323</u>	<u>\$29,469,081</u>		

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	<u>September 2017</u>	<u>September 2016</u>
<b>SWITCHING REVENUES</b>		
LINE HAULS--INTERMODAL .....	\$743,976	\$1,152,575
LINE HAULS--COMMERCIAL .....	985,450	1,007,730
LINE HAULS--CAPITAL DIVISION .....	24,207	22,977
MISCELLANEOUS SWITCHES .....	<u>215,656</u>	<u>106,147</u>
TOTAL SWITCHING REVENUES .....	<u><u>\$1,969,289</u></u>	<u><u>\$2,289,429</u></u>
 <b>SWITCHING ACTIVITIES (CARS)</b>		
LINE HAULS--INTERMODAL .....	4,033	6,909
LINE HAULS--COMMERCIAL .....	2,164	2,499
LINE HAULS--CAPITAL DIVISION .....	58	55
MISCELLANEOUS SWITCHES .....	<u>1,443</u>	<u>339</u>
TOTAL CARS SWITCHED .....	<u><u>7,698</u></u>	<u><u>9,802</u></u>

\* The Summary of Switching Activites (Cars) includes an update to allocations for 2016.

YEAR TO DATE			
September 30, 2017	September 30, 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$8,276,343	\$9,435,069	(\$1,158,726)	-12.3%
9,721,205	9,692,910	28,295	0.3%
217,445	261,533	(44,088)	-16.9%
<u>2,129,128</u>	<u>1,237,138</u>	<u>891,990</u>	<u>72.1%</u>
<u>\$20,344,121</u>	<u>\$20,626,650</u>	<u>(\$282,529)</u>	<u>-1.4%</u>
47,979	56,576	(8,597)	-15.2%
21,413	23,085	(1,672)	-7.2%
521	616	(95)	-15.4%
<u>12,070</u>	<u>2,663</u>	<u>9,407</u>	<u>353.2%</u>
<u>81,983</u>	<u>82,940</u>	<u>(957)</u>	<u>-1.2%</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers .....	\$23,799,053	\$23,076,633
Cash Paid to Suppliers .....	(9,464,755)	(8,726,825)
Cash Paid to Employees .....	(11,056,538)	(10,942,470)
Taxes Paid .....	(369,544)	(341,879)
Net Cash Provided by Operating Activities .....	2,908,216	3,065,459
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers to Other Funds .....	(1,937,631)	(1,939,168)
Net Cash Used in Non-Capital Financing Activities .....	(1,937,631)	(1,939,168)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net .....	(710,725)	(2,793,779)
Principal Payments on Long-Term Debt .....	(756,535)	(778,605)
Interest Paid .....	(872)	(10,170)
Proceeds from Capital Contributions .....	36,254	806,059
Proceeds from Long-Term Debt .....	714,796	952,710
Debt Issuance Costs .....	(7,160)	
Proceeds from Other Non-Operating Revenues .....	813,477	980,970
Net Cash Used in Capital and Related Financing Activities .....	89,235	(842,815)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments .....	96,630	89,447
Net Cash Provided by Investing Activities .....	96,630	89,447
Net Increase (Decrease) in Cash and Equity in Pooled Investments .....	1,156,450	372,923
Cash & Equity in Pooled Investments at January 1	8,051,303	9,160,846
Cash & Equity in Pooled Investments at September 30	\$9,207,753	\$9,533,769

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

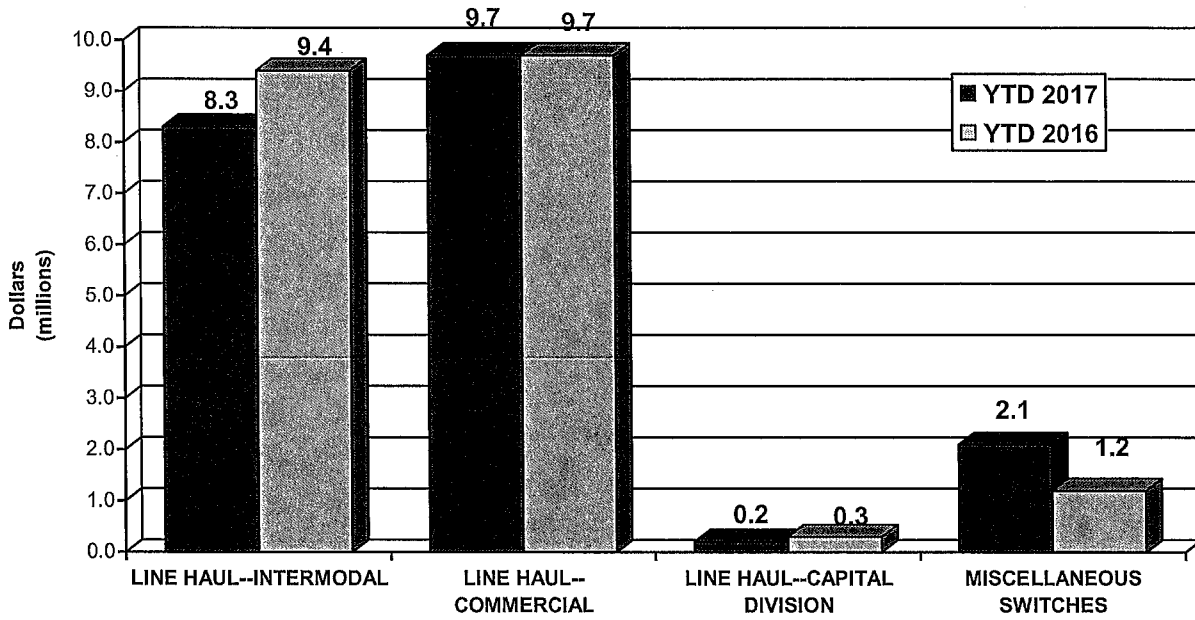
	YEAR TO DATE SEPTEMBER 30, 2017	YEAR TO DATE SEPTEMBER 30, 2016
<b>Reconciliation of Operating Income to</b>		
<b>Net Cash Provided by Operating Activities:</b>		
Operating Income .....	\$2,660,861	\$2,501,193
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation .....	1,227,096	1,105,071
Cash provided from changes in operating		
assets and liabilities:		
Accounts Receivable .....	465,319	(137,176)
Interfund Receivable .....	9,827	53,051
Materials and Supplies Inventory .....	(54,042)	(60,954)
Prepayments .....	340,101	333,556
Accounts Payable .....	(431,708)	(158,075)
Customer Deposits .....	(10,500)	(35,400)
Unemployment and other Tax Payables .....	(40,520)	(11,581)
Wages Payable .....	224,699	219,081
Volume Incentive Payable .....	(1,249,999)	(583,335)
Interfund Payable .....	(260,518)	(185,446)
Other Long-Term Liabilities & OJI Reserve.....	27,600	25,474
Total Adjustments .....	247,355	564,266
Net Cash Provided by Operating		
Activities .....	<u>\$2,908,216</u>	<u>\$3,065,459</u>
Reconciliation of Cash and Equity in Pooled		
Investments to Balance Sheet:		
Cash and Equity in Pooled Investments		
in Special Funds .....	-	65,104
Cash and Equity in Pooled Investments		
in Operating Funds .....	9,207,753	9,468,665
Cash and Equity in Pooled Investments		
at September 30 .....	<u>\$9,207,753</u>	<u>\$9,533,769</u>

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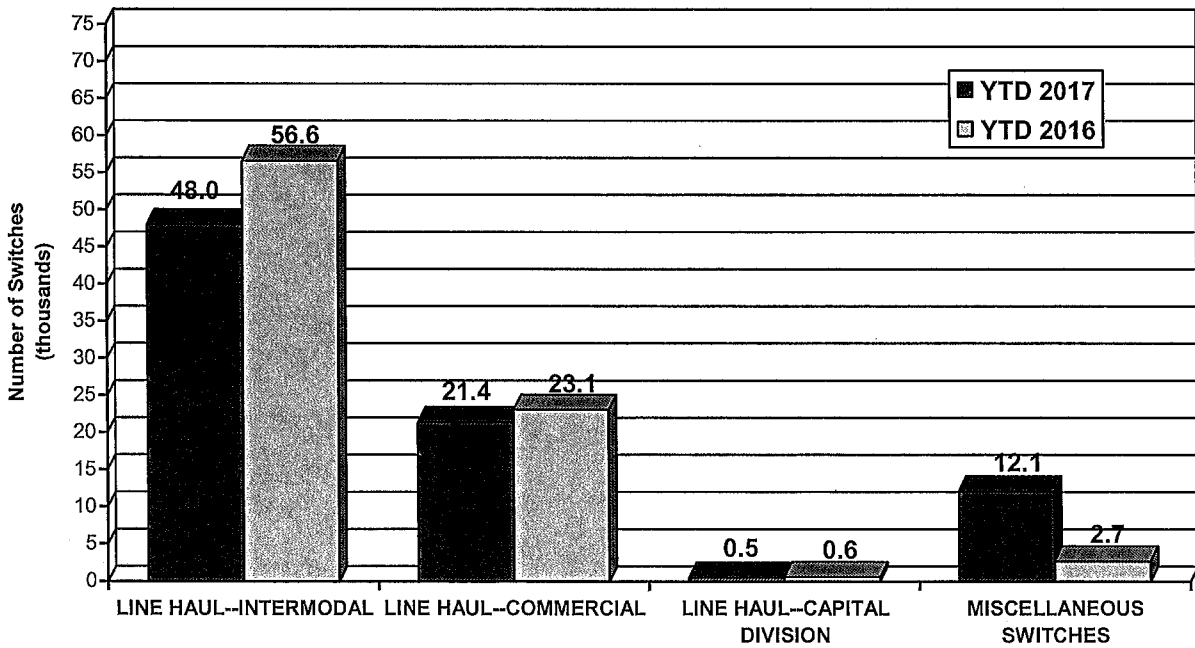
# Supplemental Data



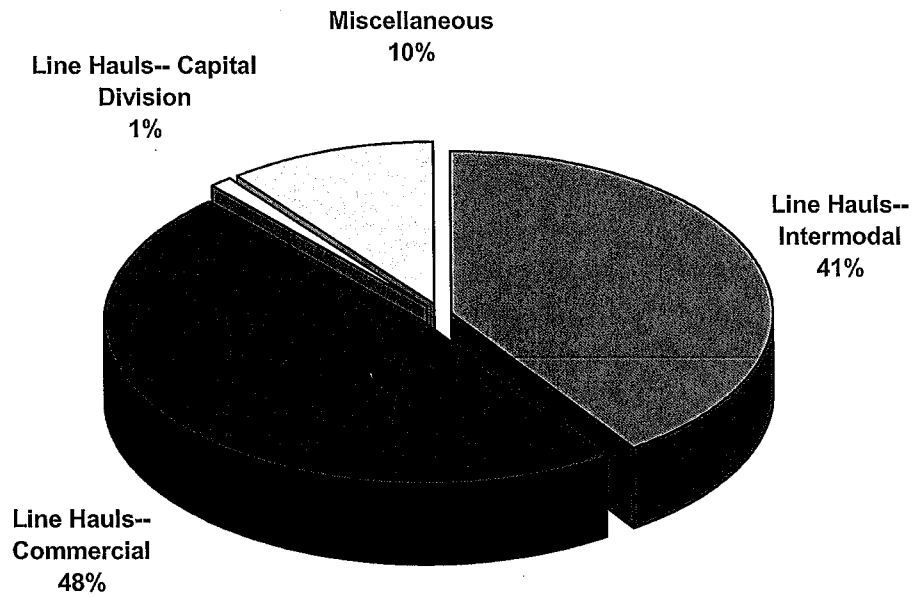
**SWITCHING REVENUES**  
Year to Date - September 2017 & 2016



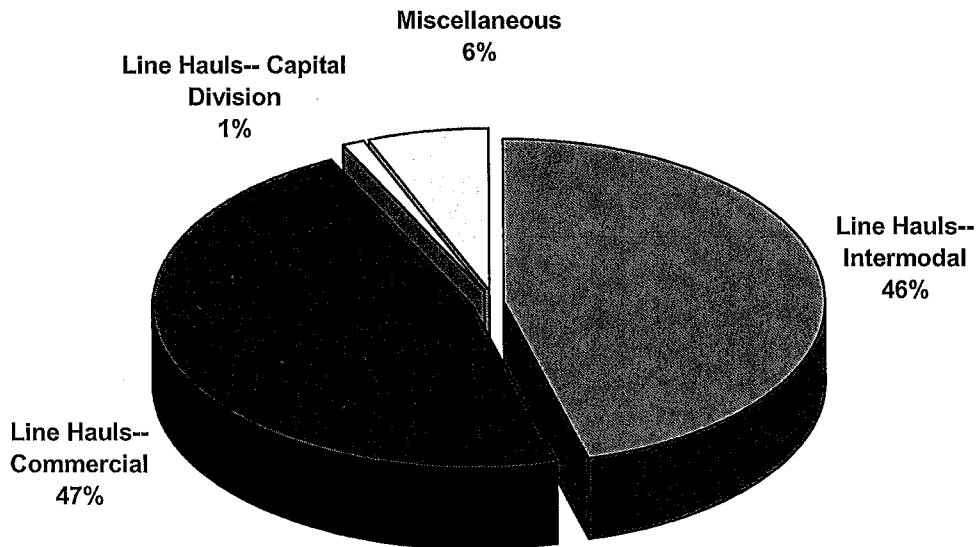
**SWITCHING ACTIVITIES**  
Year to Date - September 2017 & 2016



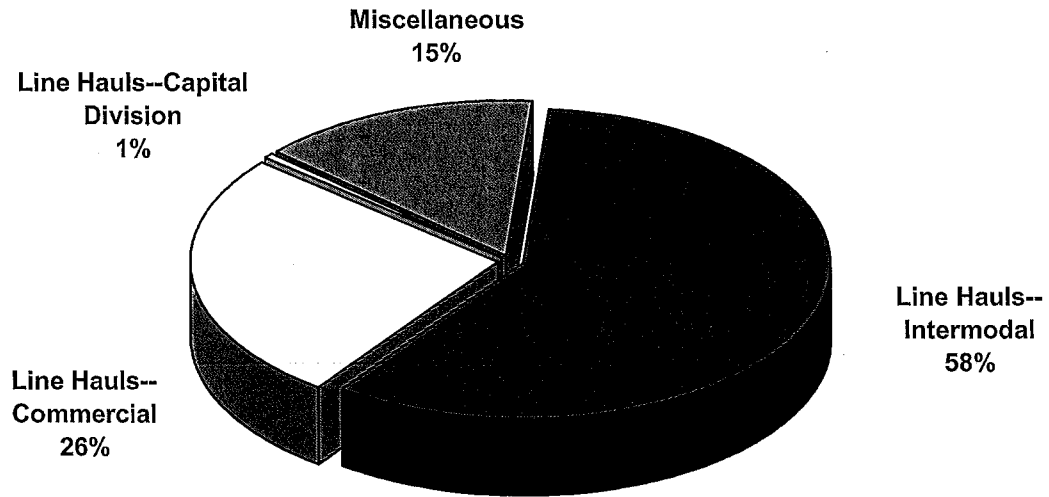
**SWITCHING REVENUES**  
Year to Date - September 2017 (\$20,344,121)



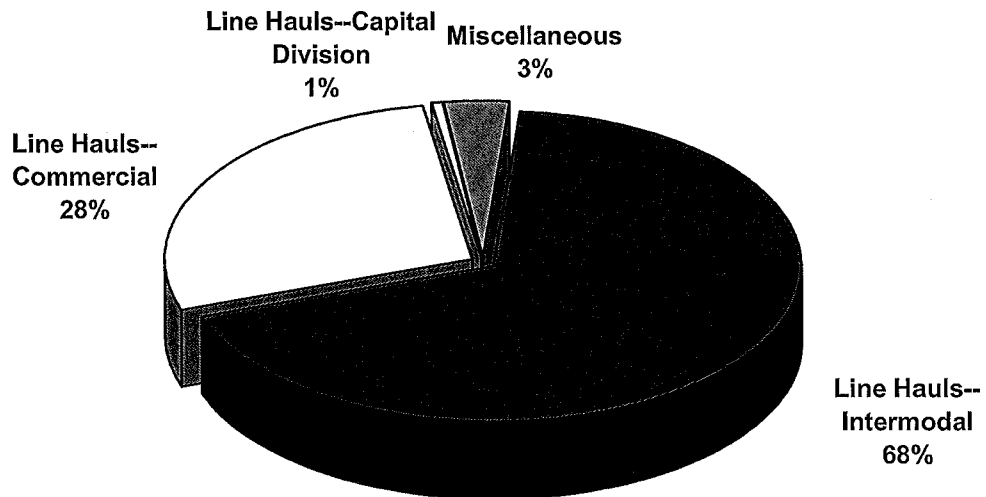
**SWITCHING REVENUES**  
Year to Date - September 2016 (\$20,626,650)



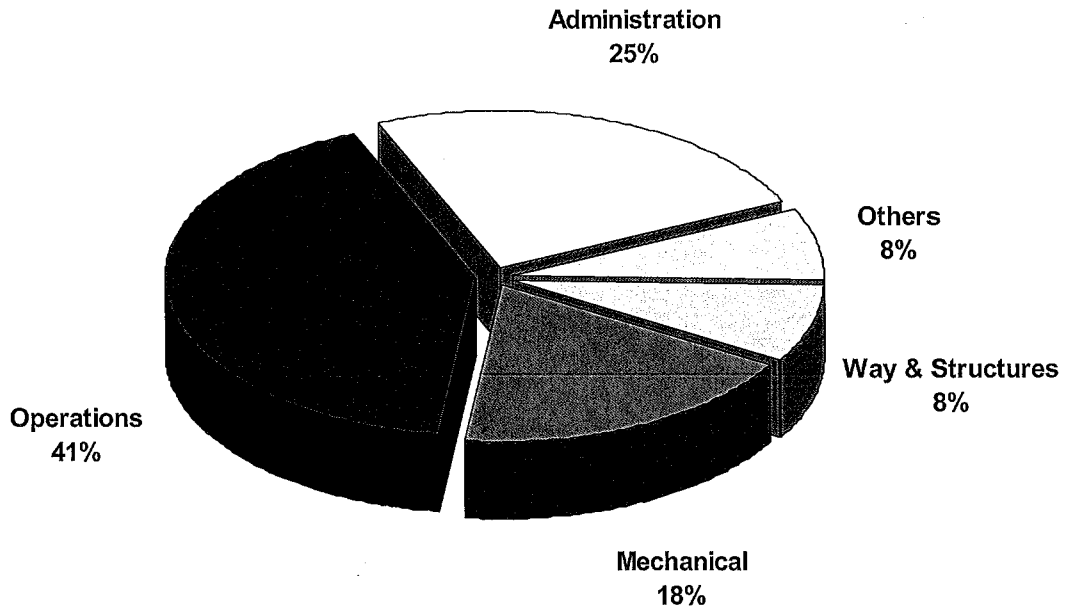
**SWITCHING ACTIVITY**  
Year to Date - September 2017 (81,983 cars)



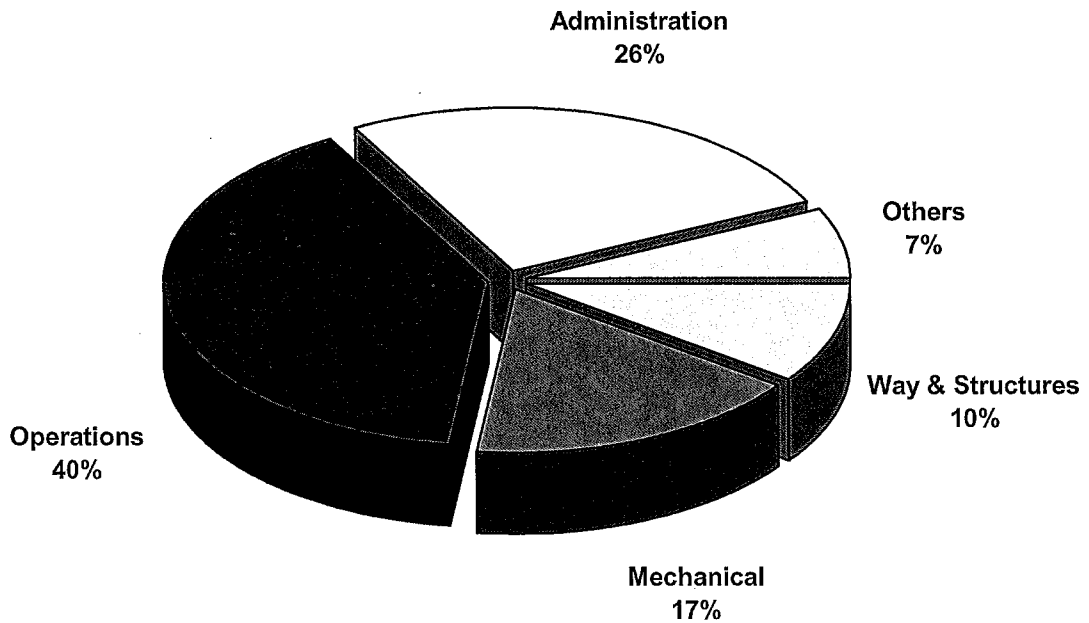
**SWITCHING ACTIVITY**  
Year to Date - September 2016 (82,940 cars)



**TOTAL OPERATING EXPENSES**  
Year to Date - September 2017 (\$20,673,547)



**TOTAL OPERATING EXPENSES**  
Year to Date - September 2016 (\$20,694,965)





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**SEPTEMBER**

**SELF-INSURANCE CLAIM FUND**

**2017**

**FINANCIAL  
REPORT**





# Public Utility Board

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Chair

WOODROW JONES

Vice-Chair

KAREN LARKIN

Secretary

BRYAN FLINT

Member

MARK PATTERSON

Member

WILLIAM A. GAINES

Director of Utilities/CEO

CHRIS ROBINSON

Power Superintendent/COO

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA



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## MANAGEMENT ANALYSIS

The Self Insurance fund is reporting a net loss of \$1.4 million year-to-date 2017 compared to a net gain of \$225,000 recorded for the same time period in 2016. Total revenues decreased \$91,000 while total expenses increased \$1.5 million year-to-date.

### Revenues

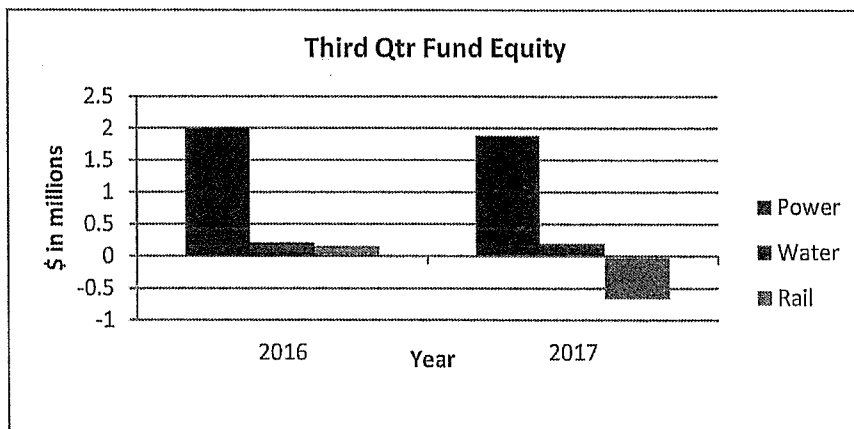
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the third quarter of 2017 and 2016 were \$906,000 and \$997,000 respectively.


### Expenses

Self Insurance fund expenses include claims and handling expenses paid during the quarter, adjustments to accrued claims and administrative expenses. Support Services claims and handling expenses are allocated to Power and Water only and based on each fund's percentage of combined claims and handling expenses for the year to date. Administrative expenses are allocated to Power, Water and Rail funds based on each fund's percentage of total claims paid.

Total expenses at the end of the third quarter of 2017 and 2016 were \$2.3 million and \$772,000 respectively. The change in expenses from year to year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised the next quarter.

The Fund's equity was \$1.4 million and \$2.4 million through September of 2017 and 2016 respectively. The following graph provides a visual presentation as to how the Fund's equity is shared.



  
William A. Gaines  
Director of Utilities/CEO

  
Andrew Cherullo  
Finance Director

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES

## SELF-INSURANCE CLAIM FUND

### TABLE OF CONTENTS

*Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.*

STATEMENTS OF NET POSITION .....	1
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	2 – 3
STATEMENTS OF CASH FLOWS .....	4 – 5
EQUITY DISTRIBUTION .....	6
CLAIMS STATISTICS SUMMARY .....	7
CLAIMS STATISTICS DETAIL .....	8 – 9

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

STATEMENTS OF NET POSITION - SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments .....	\$6,791,760	\$7,473,035
TOTAL ASSETS .....	\$6,791,760	\$7,473,035
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions .....	\$1,430,731	\$2,373,281
TOTAL NET POSITION .....	1,430,731	2,373,281
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims .....	5,349,805	5,093,367
Accounts Payable Claims Handling .....	11,224	6,387
TOTAL LIABILITIES .....	5,361,029	5,099,754
TOTAL NET POSITION AND LIABILITIES .....	\$6,791,760	\$7,473,035

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	<u>SEPTEMBER</u> <u>2017</u>	<u>SEPTEMBER</u> <u>2016</u>
<b>INCOME</b>		
Premiums .....	\$128,333	\$103,333
Interest .....	<u>6,689</u>	<u>5,767</u>
TOTAL INCOME .....	135,022	109,100
<b>EXPENSES</b>		
Claims .....	(1,271,657)	470,766
Litigation Expense and Settlements .....	736	11,684
Incidental and Administrative Expense .....	<u>15,596</u>	<u>12,628</u>
TOTAL EXPENSES .....	<u>(1,255,325)</u>	<u>495,078</u>
CHANGE IN NET POSITION .....	<u>\$1,390,347</u>	<u>(\$385,978)</u>
TOTAL NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - SEPTEMBER 30 .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2017 Financial Report.*

YEAR-TO-DATE			
SEPTEMBER 2017	SEPTEMBER 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$821,667	\$930,000	\$ (108,333)	-11.6%
<u>84,058</u>	<u>67,201</u>	<u>16,857</u>	25.1%
905,725	997,201	(91,476)	-9.2%
1,902,214	604,980	1,297,234	214.4%
273,375	75,222	198,153	263.4%
<u>105,856</u>	<u>92,187</u>	<u>13,669</u>	14.8%
<u>2,281,445</u>	<u>772,389</u>	<u>1,509,056</u>	195.4%
(1,375,720)	224,812	(1,600,532)	-711.9%
<u>2,806,451</u>	<u>2,148,469</u>	<u>657,982</u>	
<u>\$1,430,731</u>	<u>\$2,373,281</u>	<u>(\$942,550)</u>	



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received .....	\$821,667	\$930,000
Claims Paid .....	(1,362,432)	(211,289)
Administrative and Other Expenses .....	(384,662)	(168,808)
Net Cash Provided by (Used in) Operating Activities .....	(925,427)	549,904
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received .....	84,058	67,201
Net Cash Provided by Financing Activities .....	84,058	67,201
Net Increase in Cash and Equity in Pooled Investments .....	(841,369)	617,105
Cash and Equity in Pooled Investments at January 1 .....	7,633,129	6,855,931
Cash and Equity in Pooled Investments at September 30 .....	\$6,791,760	\$7,473,035

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Income .....	(\$1,375,720)	\$224,812
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Interest Income .....	(84,058)	(67,201)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Payable .....	(12,222)	(11,339)
Accounts Payable Claims .....	539,782	401,138
Accounts Payable Claims Handling .....	6,791	2,494
Total Adjustments .....	450,293	325,092
Net Cash (Used in) Provided by Operating Activities	<u>(\$925,427)</u>	<u>\$549,904</u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 2017

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2017 .....	\$2,407,775	\$278,502	\$120,174	\$2,806,451
Contributions (Premiums) .....	525,000	180,000	116,667	821,667
Claims .....	(1,016,230)	(245,182)	(640,301)	(1,901,713)
Claims Handling Expense .....	(46,017)	(4,197)	(223,161)	(273,375)
Administrative Expenses .....	(52,103)	(12,232)	(42,022)	(106,357)
Interest Income (1) .....	72,659	9,726	1,673	84,058
Balance September 30, 2017 .....	<u>\$1,891,084</u>	<u>\$206,617</u>	<u>(\$666,970)</u>	<u>\$1,430,731</u>

(1) Prior to 2017, interest income has been allocated to each division in the same ratio as its fund balance at January 1, plus contributions and expenses to date. Effective 2017, interest income has been allocated to each division based on the allocated cash balance as of the date of this statement.

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

CLAIMS STATISTICS SUMMARY - SEPTEMBER 30, 2017

NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2017)

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000 .....	10	7	12	-	29
\$1,001 - 5,000 .....	18	9	-	-	27
\$501 - 1,000 .....	6	2	-	-	8
\$100 - 500 .....	1	14	-	-	15
Less than \$100 .....	6	3	-	-	9
	<u>41</u>	<u>35</u>	<u>12</u>	<u>-</u>	<u>88</u>
Total Dollar Amount of Claims Paid .....	\$183,620	\$111,803	\$1,067,009	-	\$1,362,432

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2017

Over \$50,000 .....	12	-	-	-	12
\$10,000 - 50,000 .....	23	8	8	-	39
Less than \$10,000 .....	288	67	8	4	367
	<u>323</u>	<u>75</u>	<u>16</u>	<u>4</u>	<u>418</u>
Total Dollar Amount Accrued for Known Claims .....	\$3,551,641	\$421,355	\$665,000	\$1,156	\$4,639,152
Total Dollar Amount Accrued for Unknown Claims .....	<u>\$412,474</u>	<u>\$155,722</u>	<u>\$136,830</u>	<u>\$5,627</u>	<u>\$710,653</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,964,115</u></u>	<u><u>\$577,077</u></u>	<u><u>\$801,830</u></u>	<u><u>\$6,783</u></u>	<u><u>\$5,349,805</u></u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
SELF-INSURANCE CLAIM FUND

CLAIMS STATISTICS DETAIL - SEPTEMBER 30, 2017

NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2017)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000 .....	9	7	12	-
\$1,001 - 5,000 .....	18	7	-	-
\$501 - 1,000 .....	6	2	-	-
\$100 - 500 .....	1	14	-	-
Less than \$100 .....	5	3	-	-
	39	33	12	-
Total Dollar Amount of Claims Paid .....	\$178,361	\$108,032	\$1,067,009	-
Average Dollar Amount of Claims Paid .....	\$4,573	\$3,274	\$88,917	-

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2017

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000 .....	12	-	-	-
\$10,000 - 50,000 .....	22	8	5	-
Less than \$10,000 .....	267	58	6	4
	301	66	11	4
Total Dollar Amount Accrued for Known Claims .	\$3,509,719	\$402,697	\$577,500	\$1,156
Total Dollar Amount Accrued for Unknown				
Claims .....	\$412,474	\$155,722	\$136,830	\$5,627
Total Dollar Amount Accrued for All Claims ...	\$3,922,193	\$558,419	\$714,330	\$6,783

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Tacoma Power	Tacoma Water	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
1	-	-	-	-	-	-	-	-	-
-	2	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
2	2	-	-	-	-	-	-	-	-
\$5,259	\$3,771	-	-	-	-	-	-	-	-
\$2,629	\$1,886	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	3	-	-	-	-	-	-	-
21	9	2	-	-	-	-	-	-	-
22	9	5	-	-	-	-	-	-	-
\$41,922	\$18,658	\$87,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$41,922	\$18,658	\$87,500	-	-	-	-	-	-	-



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**SEPTEMBER**

**TACOMA WATER**

**2017**

**FINANCIAL  
REPORT**







# Public Utility Board

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BRYAN FLINT

Member

MARK PATTERSON

Member

WILLIAM A. GAINES  
Director of Utilities/GEO

Chris McMeen  
Heather Pennington  
Acting Water Division Superintendents

ANDREW CHERULLO  
Finance Director

DEPARTMENT OF PUBLIC UTILITIES  
CITY OF TACOMA

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of the Financial Statements

#### Summary

For the first nine months of 2017, Tacoma Water is reporting year-to-date operating income of \$14.2 million compared to \$15.7 million in 2016. Operating revenues increased \$0.4 million (0.5%) and operating expenses increased \$1.9 million (3.5%). The year to date change in net position for 2017 was \$7.8 million compared to \$5.2 million for 2016.

#### Revenues

Water sales revenues increased by \$0.5 million (0.8%) in the first nine months of 2017 compared to the same period in 2016. The following table summarizes the impacts of rate and volume changes on water sales revenue by customer class.

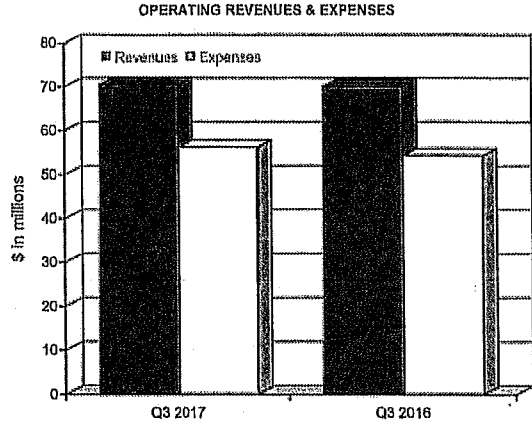
Customer Class	Changes Related to:		YTD Increase (Decrease)
	Rate	Volume	
Residential and Domestic	\$ 1,829,196	\$ (814,475)	\$ 1,014,721
Commercial and Industrial	996,396	(959,899)	36,497
Special Rate	112,175	154,241	266,416
Other	174,849	(1,012,172)	(837,323)
<b>Total</b>	<b>\$ 3,112,616</b>	<b>\$ (2,632,305)</b>	<b>\$ 480,311</b>


Consumption for the first nine months of 2017 was 13,508 million gallons, compared to 14,016 million gallons for the same period in 2016. Regional Water Supply System (RWSS) partners received 4,013 million gallons. The following table summarizes water consumption by customer class year-to-date.


Customer Class	Millions of Gallons		YTD Increase (Decrease)	%
	2017	2016		
Residential and Domestic	6,219.70	6,361.44	(141.74)	(2%)
Commercial and Industrial	2,404.38	2,595.28	(190.90)	(7%)
Special Rate	4,195.65	4,041.63	154.02	4%
Other	688.39	1,017.41	(329.02)	(32%)
<b>Total</b>	<b>13,508.12</b>	<b>14,015.76</b>	<b>(507.64)</b>	<b>(4%)</b>

**Expenses**

Operating expenses were \$56.1 million for the first nine months of 2017, an increase of \$1.9 million compared to 2016. Of that, Distribution experienced an increase of \$0.8 million. This increase is due in large part to cash pay outs for retirements of \$0.2 million as well as an increase of \$0.2 million in health benefits costs. Fleet replacement contributions for the Distribution group have also increased by \$0.3 million due to anticipated equipment purchases in the near term. Administration and General expense also saw an increase of \$0.7 million which is attributed to normal increases in salaries and benefits and approximately \$0.5 million increase in assessments.



  
William A. Gaines  
Director of Utilities/CEO

  
Andrew Cherullo  
Finance Director

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES, WATER DIVISION  
Doing Business As

# TACOMA WATER

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*Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.*

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CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF NET POSITION - SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

ASSETS AND DEFERRED OUTFLOWS	<u>2017</u>	<u>2016</u>
<b>UTILITY PLANT</b>		
Water Plant in Service .....	\$1,080,019,078	\$1,063,865,947
Less Depreciation and Amortization .....	(232,875,128)	(212,086,790)
Total .....	<u>847,143,950</u>	<u>851,779,157</u>
Construction Work in Progress .....	27,198,009	26,412,676
Net Utility Plant .....	<u>874,341,959</u>	<u>878,191,833</u>
<b>NON-UTILITY PROPERTY</b> .....	492,963	492,963
<b>RESTRICTED ASSETS</b>		
Cash and Equity in Pooled Investments:		
2010 Construction Fund .....	18,908,913	25,693,957
2013 Construction Fund .....	15,598,588	18,085,853
Regional Water Supply System Operating Fund .....	1,088,817	777,484
Provision for Debt Payment .....	15,415,210	15,238,366
Customer Water Main Deposits .....	3,266,385	3,193,001
Water Supply Forum Fund .....	376,405	268,631
Special Bond Reserves .....	22,102,985	22,099,846
Water Customer Contribution Fund .....	(122,156)	(313,104)
Water Capital Reserves .....	29,714,971	26,836,381
Water System Development Charge .....	61,413,787	57,816,982
Total Restricted Assets .....	<u>167,763,905</u>	<u>169,697,397</u>
<b>CURRENT ASSETS</b>		
Cash and Equity in Pooled Investments:		
Current Fund .....	57,512,384	53,713,363
Customers' Deposits .....	321,358	326,939
Receivables:		
Customers .....	6,554,275	5,715,465
Accrued Unbilled Revenues .....	4,797,144	4,935,000
Others .....	1,002,586	793,839
BABs Interest Subsidies .....	1,280,256	1,191,920
Provision for Uncollectible Accounts .....	(522,737)	(378,501)
Materials and Supplies .....	2,223,254	2,415,101
Prepayments .....	956,171	765,325
Total Current Assets .....	<u>74,124,691</u>	<u>69,478,451</u>
<b>TOTAL ASSETS</b> .....	<u>1,116,723,518</u>	<u>1,117,860,644</u>
<b>OTHER ASSETS</b>		
Regulatory Assets - Public Fire Protection Fees .....	730,106	1,557,678
Regulatory Assets - Surcharges .....	1,480,242	1,597,354
Net Pension Asset .....	-	881,279
Total Other Assets .....	<u>2,210,348</u>	<u>4,036,311</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Losses on Refunding Bonds .....	1,418,079	1,699,401
Deferred Outflows for Pensions .....	8,994,103	2,092,307
Total Deferred Outflows .....	<u>10,412,182</u>	<u>3,791,708</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b> .....	<u>\$1,129,346,048</u>	<u>\$1,125,688,663</u>

*These statements should be read in conjunction with the Notes to Financial statements contained in the 2016 Annual Report.*

NET POSITION, LIABILITIES AND DEFERRED INFLOWS	2017	2016
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$438,061,159	\$437,302,854
Restricted for:		
Water Capital Reserves .....	24,126,573	20,768,978
Water System Development Charge .....	25,838,340	22,241,535
Debt Service Funds .....	8,058,361	7,369,440
Pension Asset .....	-	881,279
Unrestricted .....	61,417,551	59,178,872
<b>TOTAL NET POSITION</b> .....	557,501,984	547,742,958
<b>LONG-TERM DEBT</b>		
Revenue Bonds Outstanding:		
2005 Water Revenue Bonds Refunding .....	5,000	5,000
2009 Water Revenue Bonds .....	76,775,000	76,775,000
2010 Water Revenue Bonds Refunding .....	25,825,000	26,395,000
2010 Water Revenue Bonds .....	74,985,000	74,985,000
2013 Water Revenue Bonds Refunding .....	74,355,000	74,355,000
2015 Water Refunding Bonds, Series A .....	13,800,000	16,645,000
2015 Water Refunding Bonds, Series B .....	-	1,785,000
2010 RWSS Revenue Bonds, Series A .....	2,245,000	2,525,000
2010 RWSS Revenue Bonds, Series B .....	44,245,000	44,245,000
2013 RWSS Refunding Bonds .....	60,165,000	60,910,000
Total Outstanding Revenue Bonds .....	372,400,000	378,625,000
Plus: Unamortized Bond Premium .....	12,450,222	14,052,882
Net Outstanding Revenue Bonds .....	384,850,222	392,677,882
PWTF Pre-Construction Loans .....	640,609	800,783
PWTF Construction Loans .....	19,370,627	21,907,224
State Drinking Water Loans .....	69,844,047	74,075,293
<b>Total Long-Term Debt</b> .....	474,705,505	489,461,182
<b>CURRENT LIABILITIES</b>		
Salaries and Wages Payable .....	787,491	768,026
Purchases and Contracts Payable .....	1,049,863	925,101
Interest Expense Accrued .....	7,356,849	7,868,926
Taxes Accrued .....	1,720,467	1,625,034
Customers' and Contractors' Deposits .....	353,923	354,846
Current Portion of Long-Term Debt .....	13,334,372	12,556,011
Other Current Liabilities .....	1,353,044	1,326,510
Current Accrued Compensated Absences .....	269,819	260,047
<b>Total Current Liabilities</b> .....	26,225,828	25,684,501
<b>LONG-TERM LIABILITIES</b>		
Muckleshoot Agreements .....	6,762,451	6,943,806
Customer Advances for Construction .....	5,581,471	4,812,291
Unearned Revenue .....	7,631,757	8,098,020
Other Long-Term Liabilities .....	4,623,705	4,099,679
Pension Liability .....	7,788,151	-
Long-Term Accrued Compensated Absences .....	2,428,375	2,340,426
<b>Total Long-Term Liabilities</b> .....	34,815,910	26,294,222
<b>TOTAL LIABILITIES</b> .....	535,747,243	541,439,905
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate Stabilization .....	35,575,447	35,575,447
Deferred Inflows for Pensions .....	521,374	930,353
<b>Total Deferred Inflows</b> .....	36,096,821	36,505,800
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	\$1,129,346,048	\$1,125,688,663



CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	<u>SEPTEMBER</u> <u>2017</u>	<u>SEPTEMBER</u> <u>2016</u>
<b>OPERATING REVENUES</b>		
Sales of Water .....	\$7,956,282	\$7,437,644
Other Operating Revenues .....	812,975	807,606
Contract Resource Obligation Revenue .....	381,024	374,078
Total Operating Revenues .....	<u>9,150,281</u>	<u>8,619,328</u>
<b>OPERATING EXPENSES</b>		
Production Expense:		
Source of Supply .....	575,752	587,684
Water Treatment .....	543,482	498,974
Total Production Expense .....	<u>1,119,234</u>	<u>1,086,658</u>
Power Pumping Expense .....	63,330	68,246
Transmission and Storage Expense .....	175,423	235,579
Distribution Expense .....	925,585	973,961
Customer Accounting and Consumer Service ...	384,789	348,034
Taxes .....	554,288	519,379
Depreciation .....	2,003,895	1,995,330
Administrative and General .....	923,686	757,617
Total Operating Expenses .....	<u>6,150,230</u>	<u>5,984,804</u>
<b>OPERATING INCOME (LOSS) .....</b>	<b>3,000,051</b>	<b>2,634,524</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	222,524	176,232
Miscellaneous .....	181,609	166,432
Interest on Long-Term Debt .....	(1,349,301)	(2,334,884)
Interest on Long-Term Debt BABs Sub .....	(320,064)	(297,980)
Amortization Of Debt Premium .....	111,548	105,802
Interest Charged to Construction .....	47,988	45,272
Total Non-Operating Revenues (Expenses) .....	<u>(1,105,696)</u>	<u>(2,139,126)</u>
Net Income (Loss) Before Capital Contributions and Transfers .....	1,894,355	495,398
Capital Contributions:		
Cash .....	477,511	304,497
Donated Fixed Assets .....	1,754,730	-
Federal BABs Subsidies .....	320,064	297,980
Transfers:		
City Gross Earnings Tax .....	(697,154)	(647,630)
<b>CHANGE IN NET POSITION .....</b>	<b><u>\$3,749,506</u></b>	<b><u>\$450,245</u></b>
NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - SEPTEMBER 30 .....		

YEAR TO DATE		2017 OVER (UNDER)	PERCENT CHANGE
SEPTEMBER 30 2017	SEPTEMBER 30 2016	2016	
\$ 59,235,935	\$ 58,755,624	\$480,311	0.8%
7,625,925	7,480,603	145,322	1.9%
3,421,459	3,682,772	(261,313)	-7.1%
<u>70,283,319</u>	<u>69,918,999</u>	<u>364,320</u>	0.5%
5,292,304	5,255,690	36,614	0.7%
4,892,115	4,680,961	211,154	4.5%
<u>10,184,419</u>	<u>9,936,651</u>	<u>247,768</u>	2.5%
409,743	512,903	(103,160)	-20.1%
1,832,040	2,170,434	(338,394)	-15.6%
10,396,142	9,604,594	791,548	8.2%
3,691,362	3,381,324	310,038	9.2%
3,563,832	3,491,144	72,688	2.1%
18,030,725	17,882,133	148,592	0.8%
7,975,091	7,229,002	746,089	10.3%
<u>56,083,354</u>	<u>54,208,185</u>	<u>1,875,169</u>	3.5%
14,199,965	15,710,814	(1,510,849)	-9.6%
2,467,848	1,957,527	510,321	26.1%
1,218,407	146,380	1,072,027	732.4%
(12,264,024)	(13,042,218)	778,194	-6.0%
(2,770,153)	(2,683,418)	(86,735)	3.2%
1,003,932	952,219	51,713	5.4%
371,400	362,287	9,113	2.5%
<u>(9,972,590)</u>	<u>(12,307,223)</u>	<u>2,334,633</u>	-19.0%
4,227,375	3,403,591	823,784	24.2%
4,288,706	3,391,318	897,388	26.5%
1,869,582	770,235	1,099,347	142.7%
2,770,153	2,683,418	86,735	3.2%
<u>(5,306,058)</u>	<u>(5,007,427)</u>	<u>(298,631)</u>	6.0%
7,849,758	5,241,135	2,608,623	49.8%
549,652,226	542,501,823	7,150,403	
<u>\$557,501,984</u>	<u>\$547,742,958</u>	<u>\$9,759,026</u>	1.8%

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2017 Financial Report.*

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF REVENUES AND BILLINGS  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	<u>SEPTEMBER</u> <u>2017</u>	<u>SEPTEMBER</u> <u>2016</u>
<b>SALES OF WATER</b>		
Residential and Domestic .....	\$5,015,880	\$4,723,391
Commercial and Industrial .....	1,968,551	1,721,215
Special Rate .....	566,486	513,860
Sales to Other Utilities .....	<u>405,365</u>	<u>479,178</u>
Total .....	<u><u>\$7,956,282</u></u>	<u><u>\$7,437,644</u></u>

**BILLINGS (NUMBER OF MONTHS BILLED)**

Residential and Domestic .....	82,079	84,717
Commercial and Industrial .....	6,086	6,161
Sales to Other Utilities .....	<u>17</u>	<u>18</u>
Total .....	<u><u>88,182</u></u>	<u><u>90,896</u></u>

YEAR TO DATE		2017 OVER (UNDER) 2016	PERCENT CHANGE
SEPTEMBER 30 2017	SEPTEMBER 30 2016		
\$39,162,878	\$38,148,157	\$1,014,721	2.7%
13,156,597	13,120,100	36,497	0.3%
4,630,425	4,364,009	266,416	6.1%
<u>2,286,035</u>	<u>3,123,358</u>	<u>(837,323)</u>	-26.8%
<u>\$59,235,935</u>	<u>\$58,755,624</u>	<u>\$480,311</u>	0.8%
850,547	839,640	10,907	1.3%
58,834	56,295	2,539	4.5%
<u>153</u>	<u>153</u>	<u>-</u>	0.0%
<u>909,534</u>	<u>896,088</u>	<u>13,446</u>	1.5%

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

SUMMARY OF WATER BILLED  
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	MILLION GALLONS, TOTAL			
	SEPTEMBER 2017	SEPTEMBER 2016	YEAR TO DATE	
			SEPTEMBER 30 2017	SEPTEMBER 30 2016
WATER BILLED				
Residential and Domestic .....	917.57	865.29	6,219.70	6,361.44
Commercial and Industrial .....	417.89	390.66	2,404.38	2,595.28
Special Rate .....	510.25	478.45	4,195.65	4,041.63
Sales to Other Utilities .....	107.39	139.19	688.39	1,017.41
	<u>1,953.10</u>	<u>1,873.59</u>	<u>13,508.12</u>	<u>14,015.76</u>

NOTE: For conversion purposes, there are approximately 748 gallons in every 100 cubic feet of water.

MILLION GALLONS, AVERAGE DAILY

<u>SEPTEMBER 2017</u>	<u>SEPTEMBER 2016</u>
30.59	28.84
13.93	13.02
17.01	15.95
<u>3.58</u>	<u>4.64</u>
<u><u>65.11</u></u>	<u><u>62.45</u></u>

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES  
TACOMA WATER

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30 2017	SEPTEMBER 30 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers .....	\$70,758,908	\$71,094,832
Cash Paid to Suppliers .....	(16,863,716)	(14,810,542)
Cash Paid to Employees .....	(19,037,079)	(18,694,372)
Taxes Paid .....	(3,335,841)	(3,729,762)
Net Cash From Operating Activities .....	31,522,272	33,860,156
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer Out for Gross Earnings Tax .....	(5,306,058)	(5,007,427)
Net Cash From Non-Capital Financing Activities .....	(5,306,058)	(5,007,427)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, net.....	(10,584,052)	(10,220,337)
Proceeds from State Drinking Water Loan .....	-	16,800,000
Debt Issuance Costs .....	-	13,680
Principal Payments on Long-Term Debt .....	(2,696,772)	(2,696,772)
Principal Payments on Muckleshoot LT Liability ...	(185,889)	(190,536)
Interest Paid .....	(9,575,622)	(9,638,544)
BABs Federal Interest Subsidies .....	1,787,877	1,789,798
Contributions in Aid of Construction .....	4,288,706	3,391,318
System Development Charges & Other LT Liabilities.	1,064,849	458,174
Net Cash From Capital and Related Financing Activities .....	(15,900,903)	(293,219)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments .....	2,467,848	1,957,527
Other Net Non-Op Revenues and Expenses .....	1,218,407	132,701
Net Cash From Investing Activities .....	3,686,255	2,090,228
Net Change in Cash and Equity in Pooled Investments .....	14,001,566	30,649,738
Cash & Equity in Pooled Investments at January 1 ...	211,596,081	193,087,961
Cash & Equity in Pooled Investments at September 30	\$225,597,647	\$223,737,699

*These statements should be read in conjunction with the Notes to Financial statements contained in the 2016 Annual Report.*

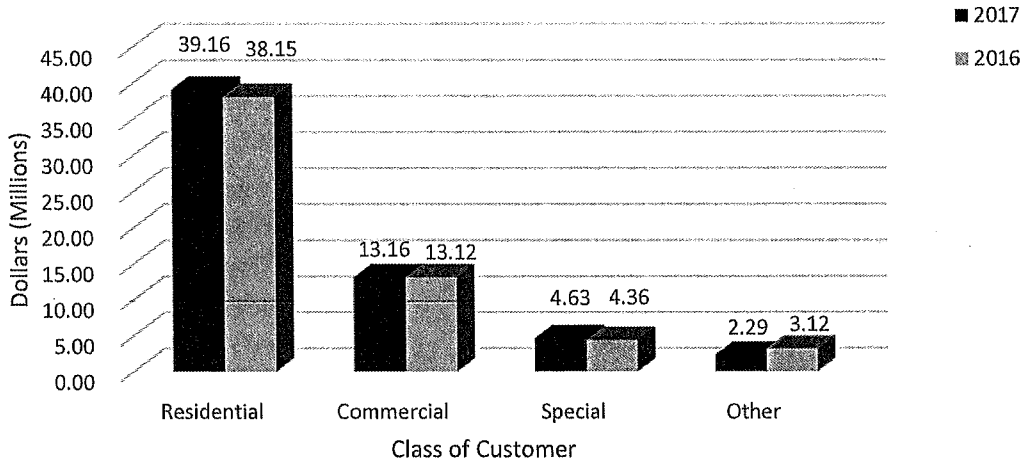
	YEAR TO DATE	
	SEPTEMBER 30 2017	SEPTEMBER 30 2016
<b>Reconciliation of Net Operating Income to Net Cash From Operating Activities:</b>		
Net Operating Income .....	\$14,199,965	\$15,710,814
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation .....	18,030,725	17,882,133
Cash from changes in operating assets and liabilities:		
Accounts Receivable and Unbilled Revenue .....	(1,537,783)	(809,619)
Interfund Receivables .....	107,970	686,030
Regulatory Asset-Public Fire Protection Fees ....	566,895	566,895
Regulatory Asset-Surcharges.....	89,235	85,994
Materials and Supplies .....	118,294	71,974
Prepayments .....	161,891	205,006
Unearned Revenues .....	1,353,044	1,326,510
Accrued Taxes .....	227,991	(238,618)
Salaries, Wages and Fringe Benefits Payable .....	376,663	443,745
Customers' Deposits .....	4,198	6,053
Accrued Expenses and Contracts Payable .....	(497,927)	(493,769)
Interfund Payables .....	(1,678,889)	(1,582,992)
Total Adjustments .....	<u>17,322,307</u>	<u>18,149,342</u>
Net Cash From Operating Activities .....	<u>\$31,522,272</u>	<u>\$33,860,156</u>
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds .....	\$167,763,905	\$169,697,397
Cash and Equity in Pooled Investments in Operating Funds .....	<u>57,833,742</u>	<u>54,040,302</u>
Cash and Equity in Pooled Investments at September 30 .....	<u>\$225,597,647</u>	<u>\$223,737,699</u>



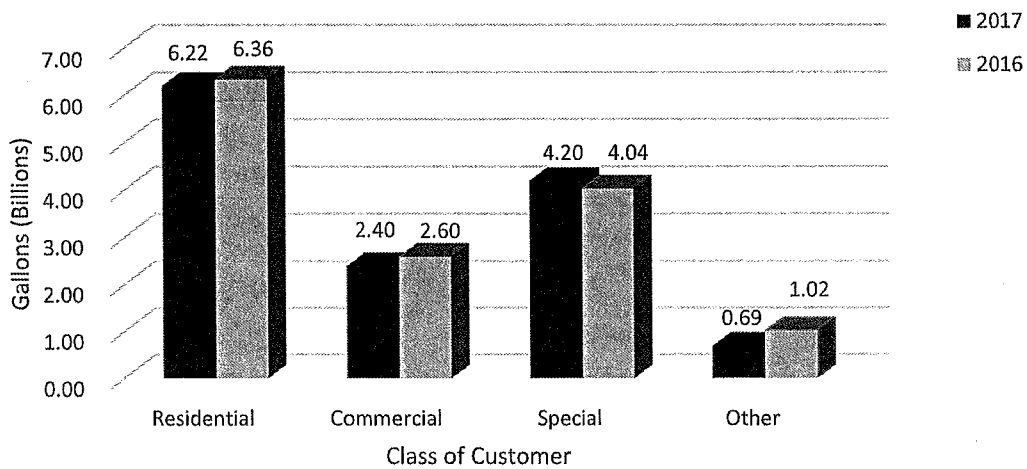
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# Supplemental Data

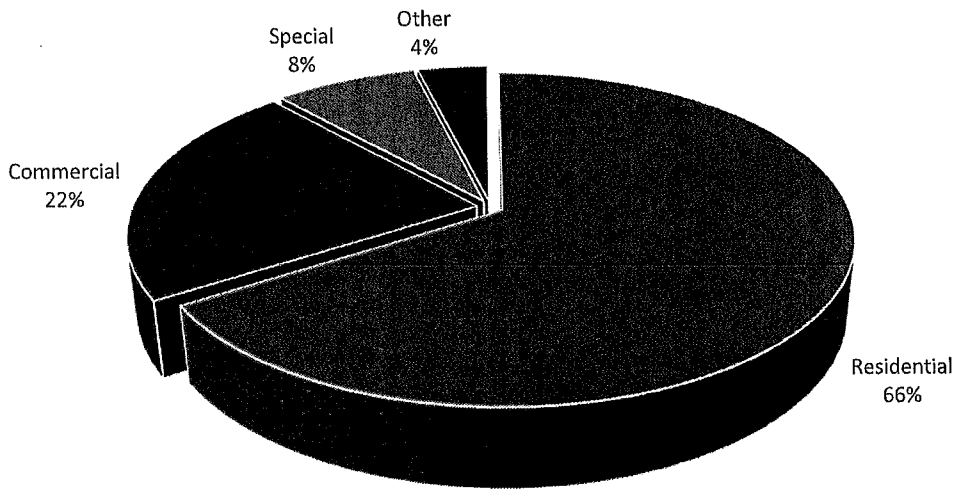
### WATER SALES Year to Date - September 2017 & 2016



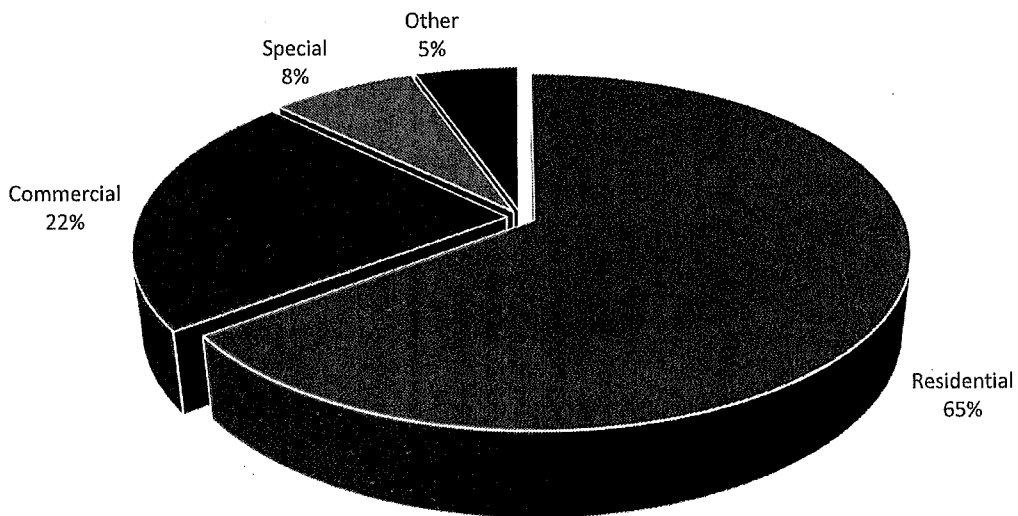
### WATER CONSUMPTION Year to Date - September 2017 & 2016



**WATER SALES**  
Year to Date - September 2017  
(\$59,235,935)



**WATER SALES**  
Year to Date - September 2016  
(\$58,755,624)





The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.

# BIENNIAL BUDGET

## BUDGET PERFORMANCE REPORT

3RD QTR. – 2017

POWER

WATER

RAIL





**TACOMA PUBLIC UTILITIES  
2017/2018 BIENNIAL BUDGET PERFORMANCE REPORTS\*  
3rd QUARTER 2017**

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*\* Unaudited reports focusing on operating transactions in the operating fund, excluding some non budgetary entries made for accounting purposes.*







**TACOMA POWER**  
2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER		BIENNIUM TO DATE		BIENNIUM BUDGET
	BUDGET	ACTUAL	BUDGET	ACTUAL	
<b>REVENUE LESS EXPENDITURES</b>	<b>\$ (11,674,452)</b>	<b>\$ (3,012,296)</b>	<b>\$ 8,662,156</b>	<b>\$ 45,517,984</b>	<b>\$ 43,418,286</b>
<b>SALES OF ELECTRICAL ENERGY</b>					
RETAIL SALES	\$ 29,763,980	\$ 31,987,853	\$ 2,223,873	\$ 127,852,804	\$ 5,469,781
RESIDENTIAL	339,749	340,576	827	986,573	(7,402)
PRIVATE OFF-STREET LIGHTING	6,602,363	6,686,288	83,925	22,097,228	772,053
SMALL GENERAL SERVICE	25,146,784	24,818,095	(328,689)	75,349,145	(81,484)
GENERAL POWER	4,817,550	4,829,721	12,171	14,452,144	94,590
HIGH VOLTAGE GENERAL POWER	5,667,100	5,888,920	221,820	16,471,224	(88,677)
CONTRACT INDUSTRIAL POWER - FIRM	346,135	256,046	(90,089)	1,014,516	116,414
STREET LIGHTING & TRAFFIC SIGNALS	72,683,661	74,807,500	2,123,839	258,223,633	6,275,274
TOTAL RETAIL SALES	8,544,844	11,318,184	2,773,340	41,677,645	7,127,373
BULK POWER SALES	81,228,505	86,125,683	4,897,178	299,901,278	13,402,647
TOTAL SALES OF ELECTRICAL ENERGY	7,145,054	6,666,284	(478,770)	19,919,443	(688,420)
<b>TELECOMMUNICATIONS REVENUES</b>					
OTHER OPERATING REVENUE	349,574	401,616	52,042	1,436,259	387,537
RENTAL OF ELECTRIC PROPERTY	590,142	580,234	(9,909)	1,770,427	27,115
SERVICE FEES	2,482,110	2,413,710	(68,400)	7,515,456	69,126
WHEELING REVENUE	343,517	453,585	110,069	1,146,404	115,854
CAMPGROUND FEES	641,278	662,725	21,446	2,254,038	330,203
MISCELLANEOUS REVENUES	4,406,621	4,511,870	105,249	14,149,698	929,835
TOTAL OTHER OPERATING REVENUES	92,780,180	97,303,837	4,523,657	333,970,419	13,644,061
<b>NON-OPERATING REVENUES</b>					
INTEREST	485,182	722,252	237,070	1,905,942	450,396
FEDERAL INTEREST SUBSIDY FOR BABS & CREBS	917,500	988,660	71,160	2,829,544	77,044
OTHER	227,396	76,719	(150,676)	849,942	167,755
TOTAL NON-OPERATING REVENUES	1,630,078	1,787,631	157,553	5,585,428	695,194
<b>TOTAL REVENUES</b>	<b>94,410,258</b>	<b>99,091,468</b>	<b>4,681,210</b>	<b>339,555,847</b>	<b>14,339,256</b>
<b>OTHER AVAILABLE FUNDS</b>					
APPROPRIATION FROM FUND BALANCE	6,508,071	-	(6,508,071)	-	(19,524,213)
<b>TOTAL REVENUES AND AVAILABLE FUNDS</b>	<b>\$ 100,918,329</b>	<b>\$ 99,091,468</b>	<b>\$ (1,826,861)</b>	<b>\$ 339,555,847</b>	<b>\$ (5,184,957)</b>
					<b>\$ 923,382,113</b>



**TACOMA POWER**  
**2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	Fav/(Unfav)	BUDGET
<b>OPERATING EXPENDITURES</b>								
<b>ADMINISTRATION</b>								
SUPERINTENDENT'S OFFICE	\$ 1,895,852	\$ 2,360,558	\$ (464,706)	\$ 7,012,781	\$ 8,442,192	\$ (1,429,411)	(20.4%)	\$ 19,554,362
ASSESSMENTS	6,951,470	6,491,969	459,501	20,982,114	19,827,443	1,154,671	5.5%	56,162,396
GROSS EARNINGS TAX	6,408,145	6,924,183	(516,038)	22,405,061	23,741,021	(1,335,960)	(6.0%)	60,614,034
<b>ADMINISTRATION TOTAL</b>	<b>15,255,467</b>	<b>15,776,710</b>	<b>(521,243)</b>	<b>50,399,956</b>	<b>52,010,656</b>	<b>(1,610,700)</b>	<b>(3.2%)</b>	<b>136,330,792</b>
<b>RATES, FINANCIAL PLANNING &amp; ANALYSIS</b>								
RPA MANAGEMENT	114,305	116,667	(2,361)	342,915	350,456	(7,541)	(2.2%)	945,727
FINANCIAL & BUSINESS PLANNING	499,905	397,626	102,279	1,499,714	1,047,870	451,844	30.1%	4,089,364
ENERGY RISK MANAGEMENT	216,742	208,440	8,302	650,226	572,998	77,228	11.9%	1,772,984
RATES & FORECASTING	165,817	121,310	44,507	497,451	357,401	140,049	28.2%	1,349,904
<b>RATES, FINANCIAL PLANNING &amp; ANALYSIS TOTAL</b>	<b>996,769</b>	<b>844,043</b>	<b>152,726</b>	<b>2,990,306</b>	<b>2,328,725</b>	<b>661,581</b>	<b>22.1%</b>	<b>8,157,979</b>
<b>POWER MANAGEMENT</b>								
POWER MANAGEMENT ADMINISTRATION	243,550	211,033	32,517	730,650	674,524	56,125	7.7%	1,980,235
POWER CONTRACTS, COMPLIANCE & TRANSMISSION	135,798	180,788	(44,990)	407,393	541,946	(134,553)	(33.0%)	1,106,645
REAL-TIME ENERGY TRADING	374,835	361,624	13,212	1,124,506	1,085,377	39,129	3.5%	3,053,406
NEAR TERM ENERGY TRADING & OPERATIONS	38,385,536	39,603,193	(1,217,658)	118,186,944	113,623,406	4,563,537	3.9%	313,206,935
EMS/IT MANAGEMENT	151,445	159,000	(7,555)	454,335	459,334	(4,999)	(1.1%)	1,248,692
SUPPLY PLANNING & ANALYSIS	262,915	271,018	(8,103)	788,745	801,941	(13,195)	(1.7%)	2,208,688
CONSERVATION PLANNING & ANALYSIS	173,894	125,866	48,028	521,681	355,040	166,640	31.9%	1,401,274
ENERGY CONSERVATION ADMINISTRATION	108,917	100,073	8,844	326,750	307,559	19,191	5.9%	892,181
COMMERCIAL ENERGY CONSERVATION	456,321	355,555	100,766	1,368,962	1,077,908	291,054	21.3%	3,706,163
RESIDENTIAL ENERGY SERVICES	422,316	320,684	101,632	1,266,949	902,368	364,581	28.8%	3,429,199
CONSERVATION INFORMATION CENTER	367,616	362,644	4,972	1,102,847	1,042,271	60,576	5.5%	2,992,080
COMMUNITY PROGRAMS	33,433	102,071	(68,639)	100,298	270,083	(169,786)	(169.3%)	266,460
<b>POWER MANAGEMENT TOTAL</b>	<b>41,116,574</b>	<b>42,153,549</b>	<b>(1,036,975)</b>	<b>126,380,059</b>	<b>121,141,759</b>	<b>5,238,300</b>	<b>4.1%</b>	<b>335,491,958</b>



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**SEPTEMBER 30, 2017**

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	% Fav/(Unfav)	BUDGET
<b>TRANSMISSION &amp; DISTRIBUTION (T &amp; D)</b>								
TD ADMINISTRATION	\$ 124,294	\$ 77,397	\$ 46,897	\$ 372,883	\$ 320,555	\$ 52,328	14.0%	\$ 1,025,582
TD SAFETY	87,352	68,345	19,007	262,056	202,188	59,868	22.8%	703,837
TD STANDARDS & MATERIALS	106,038	129,198	(23,160)	318,113	343,233	(25,120)	(7.9%)	860,122
TD LINE CLEARANCE TREE TRIMMING	871,786	699,974	171,812	2,615,359	2,190,854	424,504	16.2%	7,015,363
TD C & M LINE OPERATIONS	2,672,450	1,431,847	1,240,603	8,017,350	5,512,325	2,505,025	31.2%	21,896,809
TD TROUBLE CREWS	399,192	409,522	(10,330)	1,197,576	1,138,296	59,280	5.0%	3,232,896
TD SYSTEM MAINTENANCE & SUBSTATIONS	2,268,154	1,713,308	554,846	6,793,130	5,822,802	970,328	14.3%	18,637,605
TD LINE MAINTENANCE PLANNING	151,822	88,009	63,813	455,466	344,048	111,419	24.5%	1,212,545
TD ASSET MANAGEMENT	69,597	84,761	(15,163)	208,792	183,950	24,842	11.9%	590,502
* TD HFC NETWORK CONSTRUCTION (49%)	110,079	81,398	28,681	330,237	272,399	57,838	17.5%	896,322
* TD HFC NETWORK ENGINEERING (49%)	50,640	34,772	15,867	151,919	123,753	28,165	18.5%	397,558
TD UTILITY STAFF SUPPORT	398,947	427,612	(28,665)	1,196,841	1,306,973	(110,132)	(9.2%)	3,232,363
TD ELECTRICAL INSPECTION	439,265	270,031	169,234	1,317,796	1,085,987	231,808	17.6%	3,556,894
TD METER, RELAY & LINE SERVICES	746,527	544,117	202,410	2,239,581	1,682,122	557,459	24.9%	6,050,729
TD NEW SERVICES ENGINEERING	315,109	185,513	129,596	945,328	676,592	268,736	28.4%	2,515,569
TD ENGINEERING PRODUCTS & SERVICES	462,494	455,247	7,247	1,387,482	1,358,442	29,040	2.1%	3,754,769
TD PROTECTION & CONTROL ENGINEERING	213,764	121,065	92,699	641,292	512,064	129,228	20.2%	1,855,095
TD PROJECTS & SERVICES	211,389	166,420	44,968	634,166	542,291	91,875	14.5%	1,779,808
TD SUBSTATION ENGINEERING	121,845	77,650	44,195	365,536	290,094	75,442	20.6%	1,013,610
TD CENTRAL BUSINESS DISTRICT ENGR	84,563	40,614	43,948	253,688	133,735	119,953	47.3%	687,693
TD LINE ENGINEERING	61,324	80,163	(18,839)	183,973	257,583	(73,610)	(40.0%)	534,397
TD SYSTEM OPERATIONS	1,248,137	1,119,082	129,055	3,744,412	3,387,835	356,577	9.5%	10,162,182
TD SYSTEM PLANNING & ANALYSIS	267,586	185,969	81,617	802,758	574,229	228,529	28.5%	2,190,989
TD TRAINING & DEVELOPMENT	241,381	169,206	72,174	724,143	503,664	220,478	30.4%	1,943,882
TD TOOL & EQUIPMENT ROOMS	28,414	27,882	532	85,242	82,825	2,418	2.8%	229,171
TD BUSINESS & FINANCIAL MGMT	265,735	250,007	15,728	797,205	745,472	51,733	6.5%	2,160,244
TD WAREHOUSE	313,659	258,258	55,401	940,977	823,123	117,854	12.5%	2,548,773
DISTRIBUTED WAREHOUSE COSTS	(313,659)	(258,258)	(55,401)	(940,977)	(823,123)	(117,854)	(12.5%)	(2,548,773)
<b>TRANSMISSION &amp; DISTRIBUTION TOTAL</b>	<b>12,017,885</b>	<b>8,939,111</b>	<b>3,078,774</b>	<b>36,042,322</b>	<b>29,594,312</b>	<b>6,448,011</b>	<b>17.9%</b>	<b>98,136,532</b>



**TACOMA POWER**  
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**SEPTEMBER 30, 2017**

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	Fav/(Unfav)	BUDGET
<b>GENERATION</b>							%	
GENERATION ADMINISTRATION	\$ 1,095,968	\$ 389,644	\$ 706,324	\$ 3,287,903	\$ 2,305,252	\$ 982,651	29.9%	\$ 8,812,808
GENERATION EXTRAORDINARY MAINTENANCE	410,313	462,995	(52,682)	1,230,938	750,811	480,127	39.0%	3,282,500
PRODUCTION ENGINEERING	595,602	381,837	213,765	1,786,805	1,231,036	555,769	31.1%	4,940,275
PLANT ENGINEERING & CONSTRUCTION SERVICES	678,914	757,421	(78,507)	2,036,741	2,537,102	(500,361)	(24.6%)	5,573,013
CONTRACT SERVICES	87,712	136,462	(48,750)	263,135	304,993	(41,858)	(15.9%)	715,038
CRAFT SHOPS	283,545	162,852	120,693	850,636	419,540	431,096	50.7%	2,294,452
FACILITIES	437,725	655,902	(218,177)	1,313,175	1,078,989	234,187	17.8%	3,540,410
MECHANICAL MAINTENANCE	221,926	164,821	57,105	665,779	518,853	146,926	22.1%	1,795,618
BUILDING MAINTENANCE	590,247	403,835	186,413	1,770,741	1,724,282	46,459	2.6%	4,769,113
GROUPS MAINTENANCE	472,884	356,168	116,716	1,418,651	1,093,159	325,492	22.9%	3,847,860
NATURAL RESOURCES/ENVIRONMENTAL COMPL	3,822,470	4,585,489	(763,019)	11,467,409	9,778,094	1,689,314	14.7%	30,767,760
NISQUALLY PROJECT	582,405	503,475	78,930	1,747,215	1,557,663	189,553	10.8%	4,795,629
ALDER PARK	152,804	164,509	(11,705)	458,413	365,072	93,342	20.4%	1,288,504
CUSHMAN PROJECT	760,619	731,231	29,388	2,281,857	2,158,342	123,514	5.4%	6,265,383
COWLITZ PROJECT	1,293,643	1,110,547	183,096	3,880,929	3,110,917	770,012	19.8%	10,633,268
TAIDNAPAM PARK	138,224	136,146	2,078	414,672	346,554	68,119	16.4%	989,478
MOSSYROCK PARK	144,831	204,984	(60,153)	434,492	405,112	29,380	6.8%	1,167,186
MAYFIELD LAKE PARK	74,445	129,216	(54,771)	223,336	262,995	(39,660)	(17.8%)	601,316
WYNOOCHEE PROJECT	231,017	209,917	21,100	693,050	577,773	115,277	16.6%	1,869,979
<b>GENERATION TOTAL</b>	<b>12,075,293</b>	<b>11,647,450</b>	<b>427,844</b>	<b>36,225,878</b>	<b>30,526,539</b>	<b>5,699,338</b>	<b>15.7%</b>	<b>97,929,593</b>
<b>UTILITY TECHNOLOGY SERVICES (UTS)</b>								
UTS ADMINISTRATION	293,487	336,244	(42,756)	880,462	801,949	78,512	8.9%	2,493,785
RELIABILITY & COMPLIANCE	568,576	437,573	131,003	1,705,729	1,238,367	467,362	27.4%	4,626,060
UTS DESKTOP SUPPORT	187,050	132,409	54,641	561,151	389,397	171,754	30.6%	1,560,381
UTS OPERATIONAL APPLICATION USER SUPPORT	390,879	334,438	56,441	1,172,637	1,043,415	129,222	11.0%	3,210,510
UTS OPERATIONAL INFORMATION SYSTEMS	292,074	415,591	(123,516)	876,223	883,152	(6,929)	(0.8%)	2,437,236
UTS CYBERSECURITY SYSTEMS	203,895	209,142	(5,246)	611,686	557,468	54,218	8.9%	1,688,659
UTS ENERGY MANAGEMENT SYSTEMS	275,833	301,180	(25,347)	827,500	612,610	214,891	26.0%	2,186,413
UTS NETWORKING, TELECOM & TRANSPORT SVCS	557,902	358,575	199,326	1,673,705	1,239,072	434,632	26.0%	4,571,448
UTS NETWORK & COMM SYSTEM ENGINEERING	318,427	208,561	109,867	955,282	675,932	279,351	29.2%	2,609,581
UTS BUSINESS PROCESSES & SOLUTIONS	196,275	228,931	(32,656)	588,825	567,318	21,507	3.7%	1,621,490
UTS SERVICE DESK	48,193	32,972	15,221	144,579	122,696	21,883	15.1%	408,170
<b>UTILITY TECHNOLOGY SERVICES TOTAL</b>	<b>3,332,593</b>	<b>2,995,615</b>	<b>336,978</b>	<b>9,997,778</b>	<b>8,131,375</b>	<b>1,866,403</b>	<b>18.7%</b>	<b>27,413,734</b>

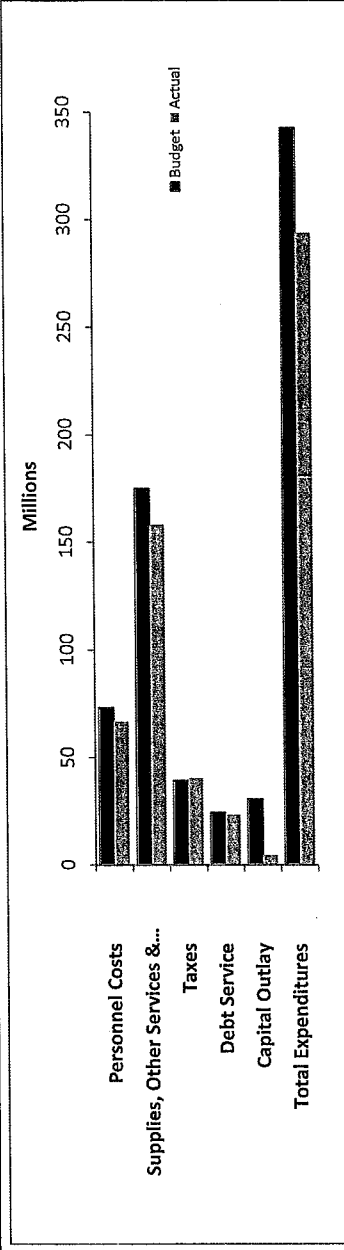
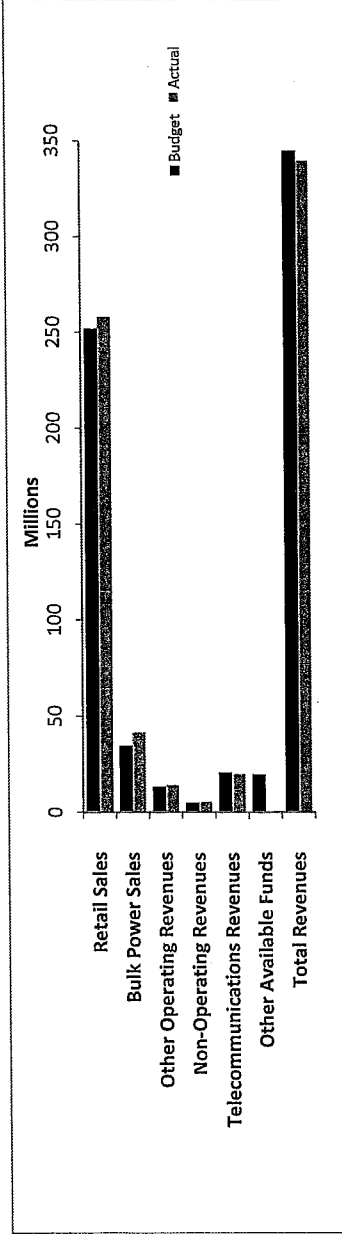


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**SEPTEMBER 30, 2017**

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	% Fav/(Unfav)	BUDGET
<b>CLICK! COMMERCIAL NETWORK</b>								
ADMINISTRATION (94%)	\$ 469,084	\$ 439,578	\$ 29,506	\$ 1,419,248	\$ 1,302,888	\$ 116,360	8.2%	\$ 3,723,472
GROSS EARNINGS TAX	536,996	517,421	19,575	1,575,619	1,548,577	27,042	1.7%	4,406,363
MARKETING & BUSINESS OPERATIONS ADMIN	23,052	(30,288)	53,340	69,156	(82,625)	151,781	219.5%	201,401
MARKETING ADMIN	371,052	241,197	129,854	1,113,155	769,196	343,959	30.9%	3,004,874
MARKETING SERVICES	4,093,912	3,663,665	430,247	12,244,401	11,079,836	1,164,565	9.5%	34,987,246
ISP ADVANTAGE	181,883	84,608	97,275	545,649	289,617	256,032	46.9%	1,791,050
CUSTOMER SALES AND SERVICE	228,420	223,216	5,204	1,020,940	830,132	190,809	18.7%	2,772,259
BUSINESS SYSTEMS	78,225	67,977	10,247	234,674	205,238	29,436	12.5%	1,836,430
TECHNICAL OPERATIONS ADMIN (80%)	692,458	510,728	181,730	2,077,374	1,622,967	454,407	21.9%	633,573
SERVICE INSTALLATION (98%)	89,844	89,316	528	269,533	265,520	4,013	1.5%	732,577
DISPATCH CENTER (93%)	116,782	99,666	17,116	350,346	324,149	26,196	7.5%	939,660
CONVERTER INVENTORY CONTROL	204,098	164,086	40,012	612,295	512,077	100,218	16.4%	1,650,073
NETWORK OPERATIONS (51%)	311,885	231,268	80,617	935,655	752,982	182,673	19.5%	2,525,368
BROADBAND SERVICES (99%)	103,845	113,974	(10,130)	311,533	413,286	(101,752)	(32.7%)	854,355
NETWORK ENGINEERING (95%)	116,901	99,560	17,342	350,704	309,075	41,630	11.9%	950,058
NETWORK SERVICE ASSURANCE (51%)								
<b>CLICK! COMMERCIAL NETWORK TOTAL</b>	<b>7,958,750</b>	<b>6,798,629</b>	<b>1,160,121</b>	<b>23,815,541</b>	<b>20,742,675</b>	<b>3,072,866</b>	<b>12.9%</b>	<b>66,615,349</b>
TD HFC NETWORK CONSTRUCTION (51%)	114,572	84,720	29,852	343,716	283,518	60,199	17.5%	932,906
TD HFC NETWORK ENGINEERING (51%)	52,706	36,192	16,515	158,119	128,804	29,315	18.5%	413,784
<b>CLICK! COMMERCIAL PLUS T&amp;D HFC COSTS TOTAL</b>	<b>8,126,029</b>	<b>6,919,541</b>	<b>1,206,487</b>	<b>24,317,377</b>	<b>21,154,997</b>	<b>3,162,380</b>	<b>13.0%</b>	<b>67,962,039</b>
<b>CLICK! POWER APPLICATIONS</b>								
ADMINISTRATION (6%)	29,942	28,058	1,883	90,590	83,163	7,427	8.2%	237,668
TECHNICAL OPERATIONS ADMIN (20%)	19,556	16,994	2,562	58,668	51,309	7,359	12.5%	158,393
SERVICE INSTALLATION (2%)	14,132	10,423	3,709	42,395	33,122	9,274	21.9%	114,420
DISPATCH CENTER (7%)	6,762	6,723	40	20,287	19,985	302	1.5%	55,140
NETWORK OPERATIONS (49%)	196,094	157,651	38,443	588,283	491,996	96,287	16.4%	1,585,364
BROADBAND SERVICES (1%)	3,150	2,336	814	9,451	7,606	1,845	19.5%	25,509
NETWORK ENGINEERING (5%)	5,466	5,999	(533)	16,396	21,752	(5,355)	(32.7%)	44,966
NETWORK SERVICE ASSURANCE (49%)	112,317	95,655	16,662	336,951	296,954	39,997	11.9%	912,801
<b>CLICK! POWER APPLICATIONS TOTAL</b>	<b>387,419</b>	<b>323,840</b>	<b>63,579</b>	<b>1,163,023</b>	<b>1,005,887</b>	<b>157,136</b>	<b>13.5%</b>	<b>3,134,262</b>
<b>OPERATION &amp; MAINTENANCE TOTAL</b>	<b>\$ 93,308,030</b>	<b>\$ 89,599,859</b>	<b>\$ 3,708,171</b>	<b>\$ 287,516,700</b>	<b>\$ 265,894,251</b>	<b>\$ 21,622,449</b>	<b>7.5%</b>	<b>\$ 774,556,890</b>
DEBT SERVICE	9,056,002	8,063,619	992,383	24,438,157	23,408,423	1,029,734	4.2%	66,995,223
CAPITAL OUTLAY - OPERATING FUND	10,228,750	4,440,287	5,788,463	30,686,250	4,735,189	25,951,061	84.6%	81,830,000
<b>TOTAL CURRENT FUND EXPENDITURES</b>	<b>\$ 112,592,782</b>	<b>\$ 102,103,764</b>	<b>\$ 10,489,017</b>	<b>\$ 342,641,107</b>	<b>\$ 259,037,863</b>	<b>\$ 48,603,244</b>	<b>14.2%</b>	<b>\$ 923,382,113</b>

\* 51% of these T & D cost centers are included in Click!'s Commercial Network section.

# Tacoma Power Revenues



# Tacoma Power Expenditures

Category	1/17- 9/17 Budget	1/17- 9/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Personnel Costs	\$73,118,699	\$66,948,500	92%	\$200,456,764	33%
Supplies, Other Services & Charges	175,014,382	158,424,824	91%	466,917,187	34%
Taxes	39,383,619	40,520,927	103%	107,182,939	38%
Debt Service	24,438,157	23,408,423	96%	66,995,223	35%
Capital Outlay	30,686,250	4,735,189	15%	81,830,000	6%
<b>Total Expenditures</b>	<b>\$342,641,107</b>	<b>\$294,037,863</b>	<b>86%</b>	<b>\$923,382,113</b>	<b>32%</b>

37.5% of Biennial Budget Completed



**TACOMA WATER**  
**2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER		BIENNIUM TO DATE		BIENNIUM		
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE) % Fav/(Unfav)	BUDGET
<b>REVENUE LESS EXPENDITURES</b>	<b>\$ 3,540,133</b>	<b>\$ 6,302,103</b>	<b>\$ 2,761,969</b>	<b>\$ (1,335,438)</b>	<b>\$ 3,667,334</b>	<b>\$ 5,002,772</b>	
<b>OPERATING REVENUES - WATER SALES</b>							
(1) RESIDENTIAL	\$ 14,844,654	\$ 15,874,527	\$ 1,029,873	\$ 36,247,388	\$ 38,310,217	\$ 2,062,829	\$ 98,999,300
COMMERCIAL	3,437,266	3,204,925	(232,342)	8,044,905	7,972,535	(72,370)	21,518,675
LARGE VOLUME	572,616	703,409	130,793	1,242,642	1,357,033	114,391	3,551,653
PULP MILL	1,630,680	1,655,846	25,166	4,838,866	4,630,425	(208,441)	13,263,201
PRIVATE FIRE	662,291	746,060	83,769	1,986,874	2,309,907	323,033	5,409,489
PARKS & IRRIGATION	1,927,443	1,760,258	(167,185)	2,416,474	2,369,782	(46,692)	6,345,014
WHOLESALE	861,507	1,213,311	351,804	1,719,676	2,286,036	566,360	4,225,910
TOTAL WATER SALES	23,936,457	25,158,335	1,221,878	56,496,825	59,235,935	2,739,110	153,313,242
<b>OTHER OPERATING REVENUES</b>							
CASCADE WATER ALLIANCE	666,915	666,915	(0)	2,000,746	2,000,745	(1)	5,278,268
PUBLIC FIRE PROTECTION	744,221	765,613	21,392	2,295,406	2,294,699	(707)	6,442,965
OTHER OPERATING REVENUE	190,000	303,026	113,026	953,753	1,071,372	117,619	2,304,583
OTHER SURCHARGE	15,000	27,827	12,827	45,000	89,235	44,235	120,000
TOTAL OTHER OPERATING REVENUES	1,616,136	1,763,381	147,244	5,294,905	5,456,051	161,147	14,145,816
<b>TOTAL OPERATING REVENUES</b>	<b>25,552,594</b>	<b>26,921,716</b>	<b>1,369,122</b>	<b>61,791,730</b>	<b>64,691,986</b>	<b>2,900,256</b>	<b>167,459,058</b>
<b>NON-OPERATING REVENUES</b>							
INTEREST	68,750	242,338	173,588	206,250	653,899	447,649	600,000
BABS INTEREST FEDERAL SUBSIDY	692,578	743,109	50,531	2,077,734	2,143,870	66,136	5,540,624
OTHER NON-OPERATING REVENUE	11,250	337,124	325,874	33,750	396,172	362,422	90,000
TOTAL NON-OPERATING REVENUES	772,578	1,322,572	549,994	2,317,734	3,193,942	876,208	6,230,624
<b>TOTAL REVENUES</b>	<b>26,325,172</b>	<b>28,244,287</b>	<b>1,919,116</b>	<b>64,109,464</b>	<b>67,885,928</b>	<b>3,776,464</b>	<b>173,689,682</b>
<b>OTHER AVAILABLE FUNDS</b>							
CAPITAL RESERVE FUND - TRANSFER	1,001,372	165,481	(835,890)	3,004,115	276,275	(2,727,840)	8,010,973
APPROPRIATION FROM FUND BALANCE	1,232,889	-	(1,232,889)	3,698,668	-	(3,698,668)	9,863,115
<b>TOTAL REVENUES &amp; AVAILABLE FUNDS</b>	<b>\$ 28,559,433</b>	<b>\$ 28,409,769</b>	<b>\$ (149,664)</b>	<b>\$ 70,812,247</b>	<b>\$ 68,162,203</b>	<b>\$ (2,650,044)</b>	<b>\$ 191,563,770</b>

(1) The budget for residential revenues has been shaped to reflect seasonal variations.





**TACOMA WATER**  
 2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT  
**SEPTEMBER 30, 2017**

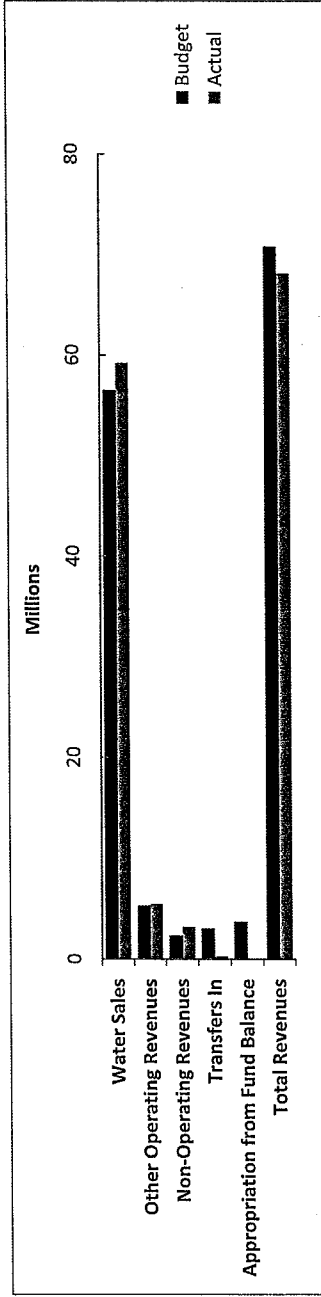
	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	% Fav/(Unfav)	BUDGET
<b>OPERATING EXPENDITURES</b>								
<b>ADMINISTRATION</b>								
PERSONNEL COSTS	\$ 112,900	\$ 42,727	\$ 70,173	\$ 346,699	\$ 310,815	\$ 35,884	10.4%	\$ 931,382
VACANCY FACTOR	(283,166)	-	(283,166)	(849,499)	-	(849,499)	(100.0%)	(2,265,331)
SUPPLIES, OTHER SERVICES & CHARGES	154,030	144,857	9,173	462,090	588,235	(126,146)	(27.3%)	1,446,805
RWSS CRO EXPENSES	1,291,995	1,244,146	47,848	3,875,984	3,708,010	167,973	4.3%	10,341,874
ASSESSMENTS	2,638,201	2,506,653	131,548	7,960,530	7,618,695	341,835	4.3%	20,942,765
GROSS EARNINGS TAX	2,306,611	2,171,669	134,942	5,013,637	5,306,058	(292,421)	(5.8%)	13,434,380
OTHER TAXES	1,525,801	1,412,619	113,182	3,457,905	3,563,832	(105,927)	(3.1%)	9,308,406
<b>ADMINISTRATION TOTAL</b>	<b>7,746,370</b>	<b>7,522,672</b>	<b>223,699</b>	<b>20,267,345</b>	<b>21,095,646</b>	<b>(828,302)</b>	<b>(4.1%)</b>	<b>54,140,281</b>
<b>DISTRIBUTION ENGINEERING</b>								
PERSONNEL COSTS	717,584	483,138	234,446	2,161,753	1,579,743	582,011	26.9%	5,993,541
SUPPLIES, OTHER SERVICES & CHARGES	159,491	54,901	104,590	478,474	143,634	334,840	70.0%	1,170,930
<b>DISTRIBUTION ENGINEERING TOTAL</b>	<b>877,076</b>	<b>538,039</b>	<b>339,037</b>	<b>2,640,227</b>	<b>1,723,377</b>	<b>916,851</b>	<b>34.7%</b>	<b>7,164,471</b>
<b>DISTRIBUTION OPERATIONS</b>								
PERSONNEL COSTS	2,292,459	1,938,326	354,133	6,887,757	6,229,451	658,306	9.6%	18,532,487
SUPPLIES, OTHER SERVICES & CHARGES	509,696	509,632	64	1,529,089	1,666,813	(137,724)	(9.0%)	3,958,671
WATER WAREHOUSE	107,922	93,092	14,830	323,767	306,515	17,253	5.3%	876,778
DISTRIBUTED WAREHOUSE COSTS	(107,922)	(93,092)	(14,830)	(323,768)	(306,515)	(17,253)	(5.3%)	(876,778)
<b>DISTRIBUTION OPERATIONS TOTAL</b>	<b>2,802,155</b>	<b>2,447,959</b>	<b>354,197</b>	<b>8,416,845</b>	<b>7,896,264</b>	<b>520,581</b>	<b>6.2%</b>	<b>22,491,158</b>
<b>WATER QUALITY</b>								
PERSONNEL COSTS	1,148,515	1,003,343	145,172	3,459,046	2,959,317	499,729	14.4%	9,321,038
SUPPLIES, OTHER SERVICES & CHARGES	668,141	582,300	85,841	2,004,423	1,473,338	531,085	26.5%	5,333,620
<b>WATER QUALITY TOTAL</b>	<b>1,816,656</b>	<b>1,585,643</b>	<b>231,013</b>	<b>5,463,469</b>	<b>4,432,655</b>	<b>1,030,814</b>	<b>18.9%</b>	<b>14,654,658</b>
<b>WATER SUPPLY</b>								
PERSONNEL COSTS	1,740,519	1,408,971	331,548	5,240,356	4,360,576	879,781	16.8%	14,171,102
SUPPLIES, OTHER SERVICES & CHARGES	975,825	628,539	347,285	2,927,474	1,859,273	1,068,201	36.5%	7,183,594
<b>WATER SUPPLY TOTAL</b>	<b>2,716,343</b>	<b>2,037,510</b>	<b>678,834</b>	<b>8,167,830</b>	<b>6,219,848</b>	<b>1,947,982</b>	<b>23.8%</b>	<b>21,354,696</b>



**TACOMA WATER**  
 2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT  
 SEPTEMBER 30, 2017

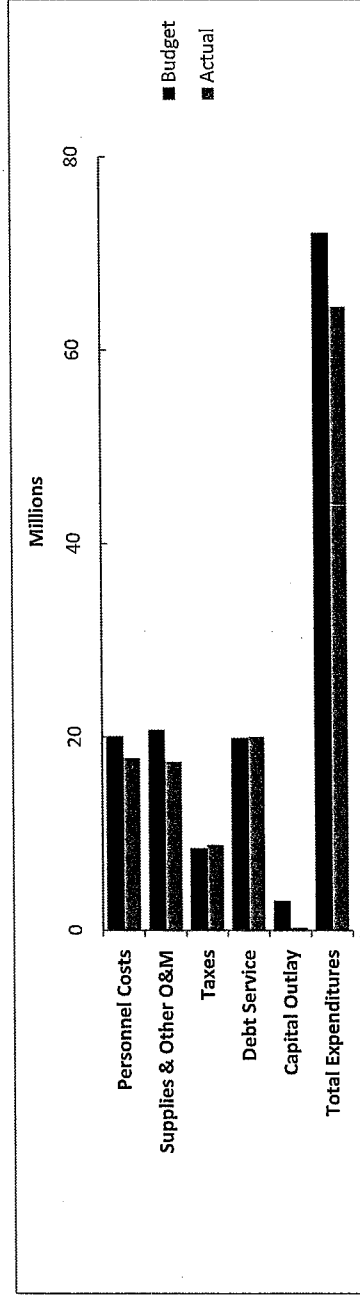
	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	% Fav/(Unfav)	BUDGET
<b>ASSET &amp; INFORMATION MANAGEMENT</b>								
PERSONNEL COSTS	\$ 698,258	\$ 609,445	\$ 88,813	\$ 2,094,774	\$ 1,727,468	\$ 367,306	17.5%	\$ 5,802,799
SUPPLIES, OTHER SERVICES & CHARGES	430,807	154,932	275,876	1,292,422	263,795	1,028,627	79.6%	2,355,959
<b>ASSET &amp; INFORMATION MANAGEMENT</b>	<b>1,129,065</b>	<b>764,377</b>	<b>364,689</b>	<b>3,387,196</b>	<b>1,991,263</b>	<b>1,395,933</b>	<b>41.2%</b>	<b>8,158,758</b>
<b>RATES &amp; FINANCIAL PLANNING</b>								
PERSONNEL COSTS	234,452	266,119	(31,667)	706,255	666,829	39,426	5.6%	2,035,045
SUPPLIES, OTHER SERVICES & CHARGES	67,619	97,183	(29,564)	202,857	138,084	64,773	31.9%	540,752
<b>RATES &amp; FINANCIAL PLANNING TOTAL</b>	<b>302,071</b>	<b>363,303</b>	<b>(61,232)</b>	<b>909,112</b>	<b>804,913</b>	<b>104,199</b>	<b>11.5%</b>	<b>2,575,797</b>
<b>OPERATION &amp; MAINTENANCE TOTAL</b>	<b>\$ 17,389,738</b>	<b>\$ 15,259,502</b>	<b>\$ 2,130,236</b>	<b>\$ 49,252,025</b>	<b>\$ 44,163,967</b>	<b>\$ 5,088,058</b>	<b>10.3%</b>	<b>\$ 130,539,819</b>
DEBT SERVICE	6,628,190	6,682,683	(54,493)	19,891,545	20,054,628	(163,083)	(0.8%)	53,012,978
CAPITAL OUTLAY - CAPITAL RESERVE FUND	1,001,372	165,481	835,890	3,004,115	276,275	2,727,840	90.8%	8,010,973
<b>TOTAL OPERATING FUND EXPENDITURES</b>	<b>\$ 25,019,299</b>	<b>\$ 22,107,666</b>	<b>\$ 2,911,633</b>	<b>\$ 72,147,685</b>	<b>\$ 64,494,869</b>	<b>\$ 7,652,815</b>	<b>10.6%</b>	<b>\$ 191,563,770</b>

# Tacoma Water Revenues



	01/17 - 09/17 Budget	01/17 - 09/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Water Sales	\$56,496,825	\$59,235,935	105%	\$153,313,242	39%
Other Operating Revenues	5,294,905	5,456,051	103%	14,145,816	39%
Non-Operating Revenues	2,317,734	3,193,942	138%	6,230,624	51%
Transfers In	3,004,115	276,275	9%	8,010,973	3%
Appropriation from Fund Balance	3,698,668	0	0%	9,863,115	0%
<b>Total Revenues</b>	<b>\$70,812,247</b>	<b>\$68,162,203</b>	<b>96%</b>	<b>\$191,563,770</b>	<b>36%</b>

# Tacoma Water Expenditures



	01/17 - 09/17 Budget	01/17 - 09/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Personnel Costs	\$20,047,142	\$17,834,199	89%	\$54,522,063	33%
Supplies & Other O&M	20,733,341	17,459,877	84%	53,274,970	33%
Taxes	8,471,542	8,869,891	105%	22,742,786	39%
Debt Service	19,891,545	20,054,628	101%	53,012,978	38%
Capital Outlay	3,004,115	276,275	9%	8,010,973	3%
<b>Total Expenditures</b>	<b>\$72,147,685</b>	<b>\$64,494,869</b>	<b>89%</b>	<b>\$191,563,770</b>	<b>34%</b>

37.5% of Biennial Budget Completed



**TACOMA RAIL**  
 2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER		BIENNIUM TO DATE		BIENNIUM
	BUDGET	ACTUAL	BUDGET	ACTUAL	
<b>REVENUES LESS EXPENDITURES</b>	<b>\$ 232,761</b>	<b>\$ 888,696</b>	<b>\$ 655,936</b>	<b>\$ 2,176,218</b>	<b>\$ 2,043,810</b>
<b>OPERATING REVENUES</b>					
SWITCHING REVENUES	\$ 7,481,202	\$ 6,163,307	\$ (1,317,895)	\$ 20,344,121	\$ 57,727,884
LINE HAULS AND LOCAL DEMURRAGE FEES	287,500	312,400	24,900	977,959	2,300,000
TOTAL SWITCHING REVENUES	7,768,702	6,475,707	(1,292,995)	21,322,079	60,027,884
LOCOMOTIVE SERVICING OTHER REVENUES	466,164	590,847	124,683	1,834,905	3,729,312
	65,250	51,167	(14,083)	177,423	522,000
TOTAL MISCELLANEOUS REVENUES	531,414	642,015	110,601	2,012,328	4,251,312
TOTAL OPERATING REVENUES	8,300,116	7,117,721	(1,182,394)	23,334,408	64,279,196
<b>NON-OPERATING REVENUES</b>					
RENT AND MISCELLANEOUS INCOME INTEREST	270,000	281,942	11,942	814,317	2,160,000
	25,500	26,943	1,443	70,913	204,000
TOTAL NON-OPERATING REVENUES	295,500	308,885	13,385	885,230	2,364,000
<b>TOTAL REVENUES</b>	<b>\$ 8,595,616</b>	<b>\$ 7,426,606</b>	<b>\$ (1,169,009)</b>	<b>\$ 24,219,637</b>	<b>\$ 66,643,196</b>
				<b>\$ (823,670)</b>	<b>(3.3%)</b>

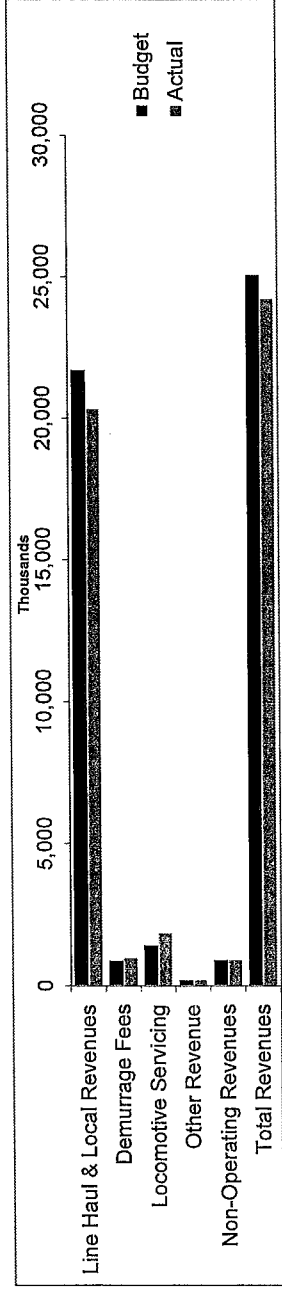


**TACOMA RAIL**  
**2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	% Fav/(Unfav)	BUDGET
<b>OPERATING EXPENDITURES</b>								
<b>ADMINISTRATION</b>								
PERSONNEL COSTS	\$ 602,481	\$ 586,090	\$ 16,391	\$ 1,832,240	\$ 1,774,759	\$ 57,481	3.1%	\$ 4,951,170
SUPPLIES, OTHER SERVICES & CHARGES	266,513	277,901	(11,388)	799,539	838,515	(38,976)	(4.9%)	2,037,958
ASSESSMENTS	418,620	389,653	28,967	1,273,062	1,202,330	70,732	5.6%	3,378,206
VOLUME INCENTIVE	625,000	(1)	625,001	1,875,000	1,250,001	624,999	33.3%	5,000,000
GROSS EARNINGS TAX	692,209	599,572	92,637	2,005,742	1,937,631	68,111	3.4%	5,331,455
STATE TAX	125,167	101,076	24,091	362,684	329,023	33,661	9.3%	964,188
<b>ADMINISTRATION TOTAL</b>	<b>2,729,990</b>	<b>1,954,292</b>	<b>775,698</b>	<b>8,148,267</b>	<b>7,332,260</b>	<b>816,007</b>	<b>10.0%</b>	<b>21,662,977</b>
<b>OPERATIONS</b>								
PERSONNEL COSTS	2,488,373	2,265,880	222,493	7,480,118	7,386,388	93,731	1.3%	20,282,828
SUPPLIES, OTHER SERVICES & CHARGES	348,897	359,405	(10,508)	1,046,691	1,222,180	(175,489)	(16.8%)	2,808,830
<b>OPERATIONS TOTAL</b>	<b>2,837,270</b>	<b>2,625,284</b>	<b>211,985</b>	<b>8,526,809</b>	<b>8,608,567</b>	<b>(81,759)</b>	<b>(1.0%)</b>	<b>23,091,658</b>
<b>MECHANICAL</b>								
PERSONNEL COSTS	511,112	463,770	47,342	1,534,837	1,457,044	77,794	5.1%	4,160,240
SUPPLIES, OTHER SERVICES & CHARGES	409,821	315,021	94,800	1,229,462	1,021,998	207,464	16.9%	3,289,195
FUEL	350,000	443,650	(93,650)	1,050,000	1,310,606	(260,606)	(24.8%)	2,900,000
<b>MECHANICAL TOTAL</b>	<b>1,270,933</b>	<b>1,222,440</b>	<b>48,493</b>	<b>3,814,299</b>	<b>3,789,648</b>	<b>24,652</b>	<b>0.6%</b>	<b>10,349,435</b>
<b>CONSTRUCTION</b>								
PERSONNEL COSTS	261,113	190,898	70,215	789,338	690,647	98,691	12.5%	2,149,577
SUPPLIES, OTHER SERVICES & CHARGES	417,631	428,684	(11,053)	1,252,892	963,806	289,086	23.1%	3,291,121
<b>CONSTRUCTION TOTAL</b>	<b>678,743</b>	<b>619,582</b>	<b>59,161</b>	<b>2,042,230</b>	<b>1,654,454</b>	<b>387,777</b>	<b>19.0%</b>	<b>5,440,698</b>
<b>OPERATION &amp; MAINTENANCE TOTAL</b>	<b>\$ 7,516,936</b>	<b>\$ 6,421,599</b>	<b>\$ 1,095,338</b>	<b>\$ 22,531,605</b>	<b>\$ 21,384,928</b>	<b>\$ 1,146,677</b>	<b>5.1%</b>	<b>\$ 60,544,768</b>
<b>LONG-TERM DEBT</b>								
(1) CAPITAL OUTLAY - OPERATING FUND	308,601	308,601	0	767,341	692,297	75,044	9.8%	1,799,885
	537,318	(192,289)	729,607	1,611,954	(33,806)	1,645,760	102.1%	4,298,543
<b>TOTAL OPERATING FUND EXPENDITURES</b>	<b>\$ 8,362,855</b>	<b>\$ 6,537,910</b>	<b>\$ 1,824,945</b>	<b>\$ 24,910,900</b>	<b>\$ 22,043,420</b>	<b>\$ 2,867,480</b>	<b>11.5%</b>	<b>\$ 66,643,196</b>

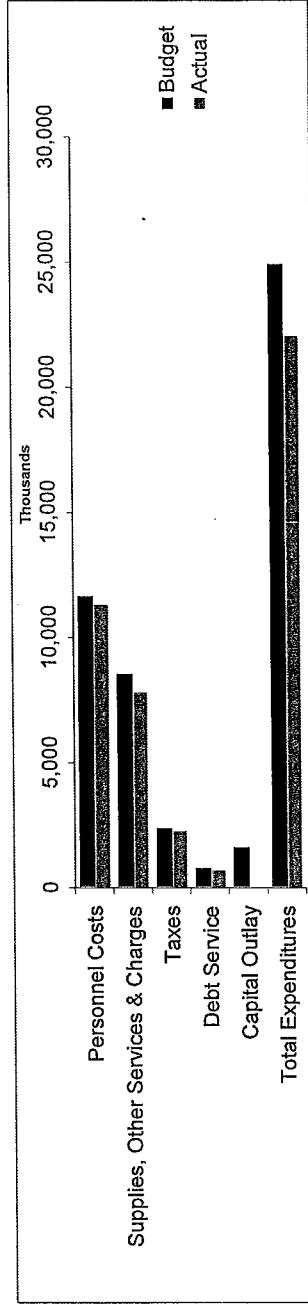
(1) Reflects a timing difference between capital outlay expenditures and reimbursements.

# Tacoma Rail Revenues



	01/17 - 09/17 Budget	01/17 - 09/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Line Haul & Local Revenues	\$21,700,066	\$20,344,121	94%	\$57,727,884	35%
Demurrage Fees	862,500	977,959	113%	2,300,000	43%
Locomotive Servicing	1,398,492	1,834,905	131%	3,729,312	49%
Other Revenue	195,750	177,423	91%	522,000	34%
Non-Operating Revenues	886,500	885,230	100%	2,364,000	37%
<b>Total Revenues</b>	<b>\$25,043,308</b>	<b>\$24,219,637</b>	<b>97%</b>	<b>\$66,643,196</b>	<b>36%</b>

# Tacoma Rail Expenditures

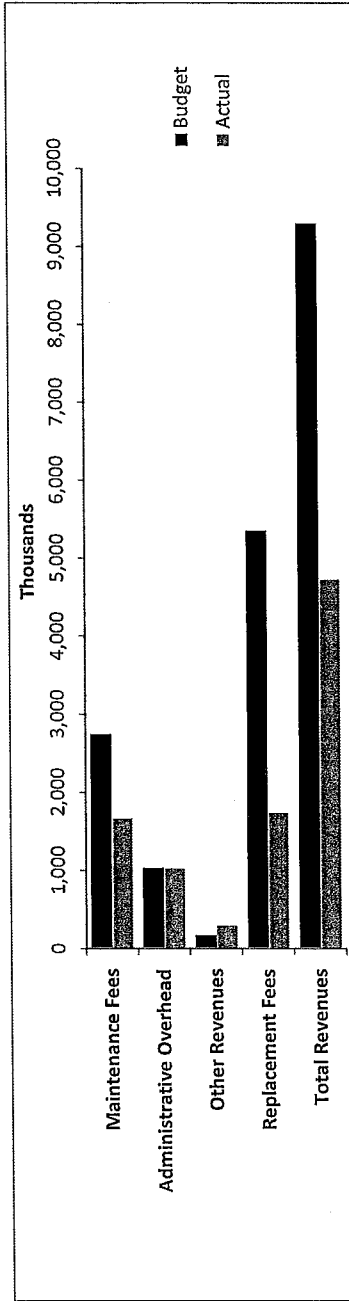


	01/17 - 09/17 Budget	01/17 - 09/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Personnel Costs	\$11,636,534	\$11,308,837	97%	\$31,543,815	36%
Supplies, Other Services & Charges	8,526,645	7,809,436	92%	22,705,310	34%
Taxes	2,368,426	2,266,655	96%	6,295,643	36%
Debt Service	767,341	692,297	90%	1,799,885	38%
Capital Outlay	1,611,954	(33,806)	-2%	4,298,543	-1%
<b>Total Expenditures</b>	<b>\$24,910,900</b>	<b>\$22,043,420</b>	<b>88%</b>	<b>\$66,643,196</b>	<b>33%</b>

37.5% of Biennial Budget Completed

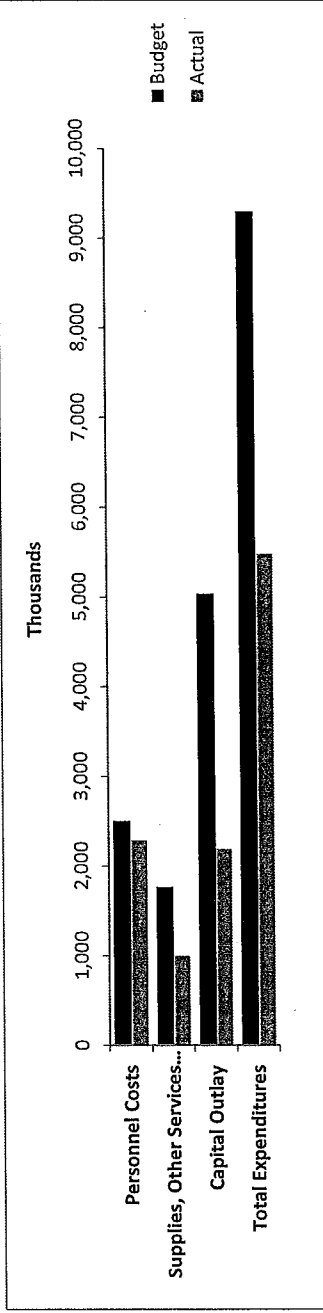


# TPU Fleet Services Fund Revenues



	01/17 - 09/17 Budget	01/17 - 09/17 Actual	Actual vs Budget To Date	Biennial Budget	Biennial Actual	Actual vs Biennial Budget
Maintenance Fees	\$2,739,617	\$1,662,476	61%	\$7,288,786	\$7,288,786	23%
Administrative Overhead	1,029,522	1,028,024	100%	2,745,393	2,745,393	37%
Other Revenues	172,500	299,398	174%	460,000	460,000	65%
Replacement Fees	5,349,711	1,738,826	33%	14,265,897	14,265,897	12%
Total Revenues	\$9,291,350	\$4,728,724	51%	\$24,760,076	\$24,760,076	19%

# TPU Fleet Services Fund Expenditures

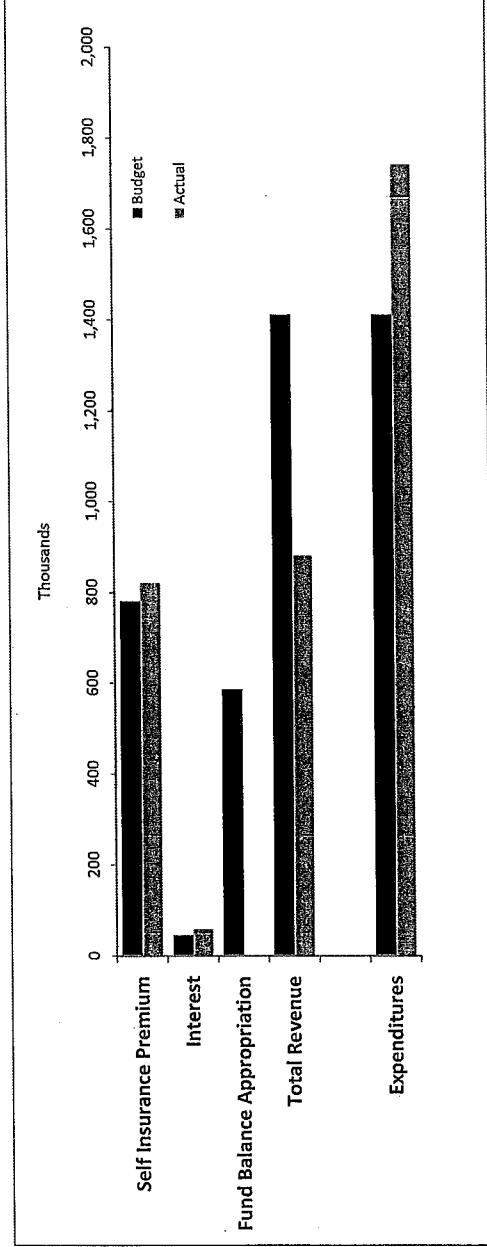


	01/17 - 09/17 Budget	01/17 - 09/17 Actual	Actual vs Budget To Date	Biennial Budget	Biennial Actual	Actual vs Biennial Budget
Personnel Costs	\$2,498,563	\$2,291,131	92%	\$6,643,452	\$6,643,452	34%
Supplies, Other Services & Charges	1,762,321	999,115	57%	4,698,624	4,698,624	21%
Capital Outlay	5,031,750	2,190,835	44%	13,418,000	13,418,000	16%
Total Expenditures	\$9,292,635	\$5,481,081	59%	\$24,760,076	\$24,760,076	22%

37.5% of Biennial Budget Completed



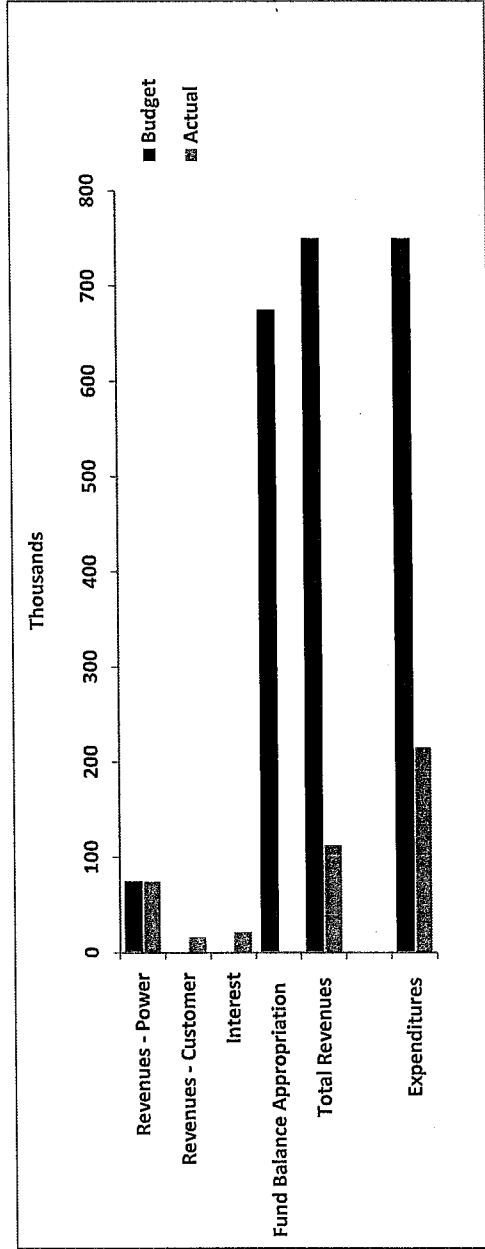
**TPU SELF INSURANCE FUND**  
**2017/2018 BIENNIAL BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**



	1/17 - 9/17		1/17 - 9/17		Actual vs	
	Budget	Actual	Budget To Date	Actual To Date	Biennial Budget	Biennial Budget
Self Insurance Premium	\$780,000	\$821,667	105%	\$2,080,000	40%	
Interest	45,000	59,443	132%	120,000	50%	
Fund Balance Appropriation	585,845	-	0%	1,562,254	0%	
<b>Total Revenue</b>	<b>\$1,410,845</b>	<b>\$881,110</b>	<b>62%</b>	<b>\$3,762,254</b>	<b>23%</b>	
<b>Expenditures</b>	<b>\$1,410,448</b>	<b>\$1,741,663</b>	<b>123%</b>	<b>\$3,762,254</b>	<b>46%</b>	

37.5% of Biennial Budget Completed

**TPU FAMILY NEED FUND**  
**2017/2018 BIENNIAL BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**

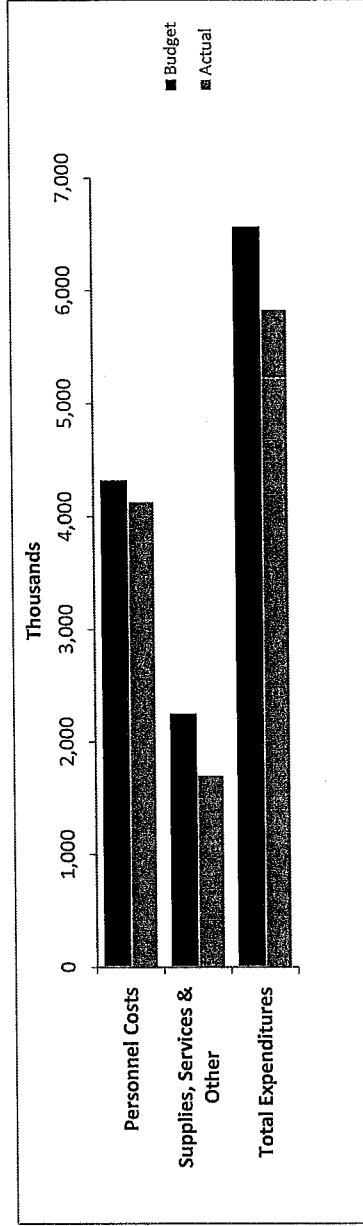


	1/17 - 9/17 Budget	1/17 - 9/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Revenues - Power	\$75,000	\$75,000	100%	\$200,000	38%
Revenues - Customer	-	16,260	N/A	N/A	N/A
Interest	-	21,593	N/A	N/A	N/A
Fund Balance Appropriation	675,000	-	N/A	1,800,000	N/A
<b>Total Revenues</b>	<b>\$750,000</b>	<b>\$112,853</b>	<b>15%</b>	<b>\$2,000,000</b>	<b>6%</b>
<b>Expenditures</b>	<b>\$750,000</b>	<b>\$215,471</b>	<b>29%</b>	<b>\$2,000,000</b>	<b>11%</b>

37.5% of Biennial Budget Completed

**TPU ADMINISTRATIVE OFFICES**  
**2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM	
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	% Fav/(Unfav)	BUDGET
DIRECTOR'S OFFICE	\$ 331,171	\$ 209,786	\$ 121,384	\$ 1,013,791	\$ 948,934	\$ 64,857	6.4%	\$ 2,742,805
MANAGEMENT SERVICES	424,434	386,875	37,560	1,278,272	1,178,173	100,099	7.8%	3,476,552
PUBLIC AFFAIRS OFFICE	1,423,336	1,178,327	245,009	4,274,092	3,701,904	572,187	13.4%	11,446,879
<b>TOTAL ADMIN OFFICES</b>	<b>\$ 2,178,941</b>	<b>\$ 1,774,988</b>	<b>\$ 403,953</b>	<b>\$ 6,566,155</b>	<b>\$ 5,829,012</b>	<b>\$ 737,143</b>	<b>11.2%</b>	<b>\$ 17,666,236</b>



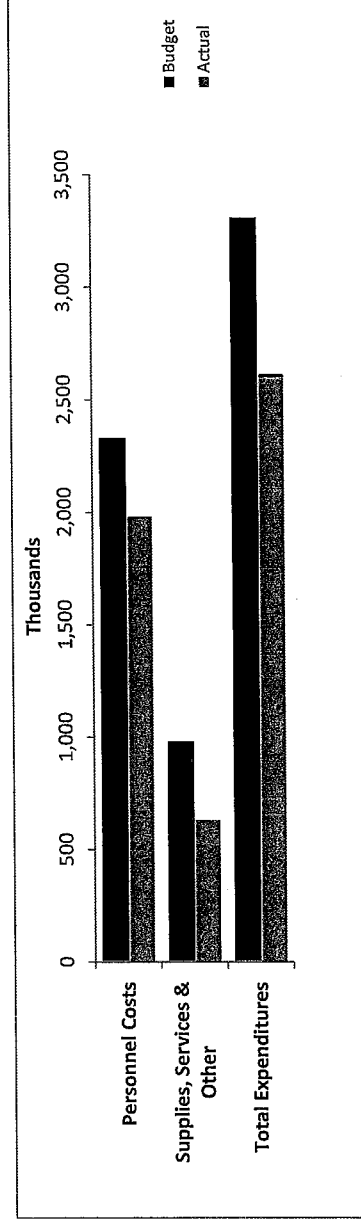
# TPU Administrative Offices Expenditures

	1/17 - 9/17 Budget	1/17 - 9/17 Actual	Actual vs Budget To Date	Biennial Budget	Actual vs Biennial Budget
Personnel Costs	4,317,370	4,129,878	96%	11,790,018	35%
Supplies, Services & Other	2,248,785	1,699,133	76%	5,876,218	29%
Total Expenditures	\$6,566,155	\$5,829,012	89%	\$17,666,236	33%

37.5% of Biennial Budget Completed

**TPU SUPPORT SERVICES**  
 2017/2018 BIENNIUM BUDGET PERFORMANCE REPORT  
 SEPTEMBER 30, 2017

	CURRENT QUARTER			BIENNIUM TO DATE			BIENNIUM BUDGET
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	
			%		Fav/(Unfav)		
TPU REAL PROPERTY SERVICES	\$ 255,729	\$ 274,338	\$ (18,609)	\$ 768,314	\$ 783,442	\$ (15,128)	\$ 2,075,994
TPU IT DEDICATED RESOURCES	384,354	262,131	122,223	1,154,461	959,392	195,068	3,125,597
TPU UTS CS SOFTWARE SUPPORT	350,412	212,844	137,568	1,051,236	685,601	365,635	2,833,970
TPU COPIER SERVICES	111,721	61,453	50,268	335,164	187,535	147,628	893,770
<b>TOTAL TPU SUPPORT SERVICES</b>	<b>\$ 1,102,216</b>	<b>\$ 810,766</b>	<b>\$ 291,450</b>	<b>\$ 3,309,175</b>	<b>\$ 2,615,970</b>	<b>\$ 693,205</b>	<b>\$ 8,929,331</b>



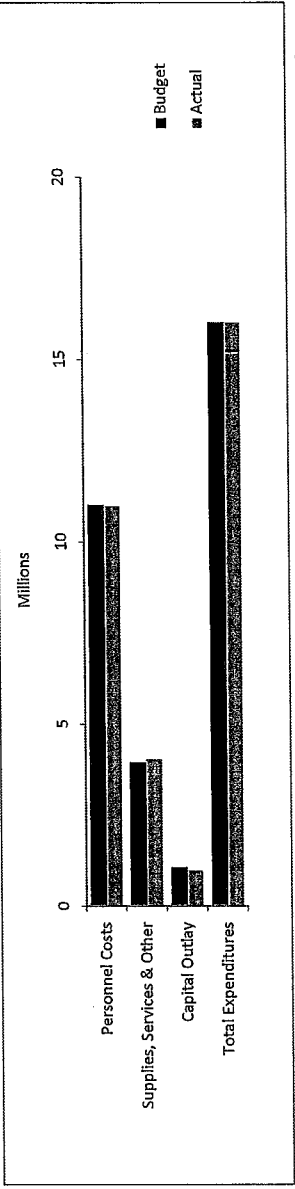
**TPU Support Services Expenditures**

	1/17 - 9/17		1/17 - 9/17		Actual vs	
	Budget	Actual	Budget To Date	Actual	Biennial Budget	Biennial Budget
Personnel Costs	\$2,329,678	\$1,982,342	85%	\$6,306,576	31%	
Supplies, Services & Other	979,496	633,628	65%	2,622,755	24%	
<b>Total Expenditures</b>	<b>\$3,309,175</b>	<b>\$2,615,970</b>	<b>79%</b>	<b>\$8,929,331</b>	<b>29%</b>	

37.5% of Biennial Budget Completed

**TPU CUSTOMER SERVICES**  
**2017/2018 BIENNIAL BUDGET PERFORMANCE REPORT**  
**SEPTEMBER 30, 2017**

	CURRENT QUARTER		BIENNIIUM TO DATE		BIENNIIUM		
	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)	BUDGET
<b>CUSTOMER SERVICES</b>							
SUPPORT SERVICES SWITCHBOARD	\$ 137,463	\$ 154,816	\$(17,353)	\$ 412,889	\$ 510,508	\$(97,619)	\$ 1,116,626
ADMINISTRATION	23,286	20,015	3,271	69,857	64,974	4,883	187,764
CUSTOMER SERVICE SOLUTIONS	580,308	610,584	\$(30,276)	1,762,716	1,860,491	\$(97,775)	4,680,372
CUSTOMER SERVICE TRAINING	240,434	216,175	24,259	721,303	641,946	79,357	1,963,214
OPERATIONS ADMINISTRATION	117,759	103,956	13,803	353,277	377,298	\$(24,021)	952,603
MAIL SERVICES	159,157	164,181	\$(5,025)	483,279	486,700	\$(3,420)	1,405,904
FIELD INVESTIGATION	488,776	526,486	\$(37,710)	1,468,827	1,392,904	75,923	3,939,100
METER READING	526,654	505,346	21,308	1,579,963	1,532,371	47,592	4,259,012
PAYGO	440,506	472,496	\$(31,990)	1,322,169	1,391,723	\$(69,554)	3,570,666
CUSTOMER SOLUTIONS	67,959	61,307	6,652	203,876	190,312	13,564	549,455
PHONE SERVICES	115,538	164,466	\$(48,928)	347,463	445,268	\$(97,804)	937,266
LOBBY SERVICES	850,283	881,079	\$(30,797)	2,550,848	2,571,430	\$(20,582)	6,926,795
BACK OFFICE	245,305	264,089	\$(18,784)	735,915	755,208	\$(19,293)	1,988,804
BUSINESS SOLUTIONS	461,775	435,010	26,766	1,385,326	1,425,232	\$(39,906)	3,741,341
BUSINESS OFFICE ADMINISTRATION	146,118	130,630	15,488	438,355	379,507	58,849	1,181,955
CAPITAL OUTLAY	372,100	331,170	40,930	1,117,300	1,010,307	106,993	3,025,911
	354,375	398,547	\$(44,172)	1,063,125	978,174	84,951	2,835,000
<b>CUSTOMER SERVICES TOTAL</b>	<b>\$ 5,327,796</b>	<b>\$ 5,440,353</b>	<b>\$(112,557)</b>	<b>\$ 16,016,488</b>	<b>\$ 16,014,352</b>	<b>\$ 2,136</b>	<b>\$ 43,261,768</b>
							0.0%



## TPU Customer Services Expenditures

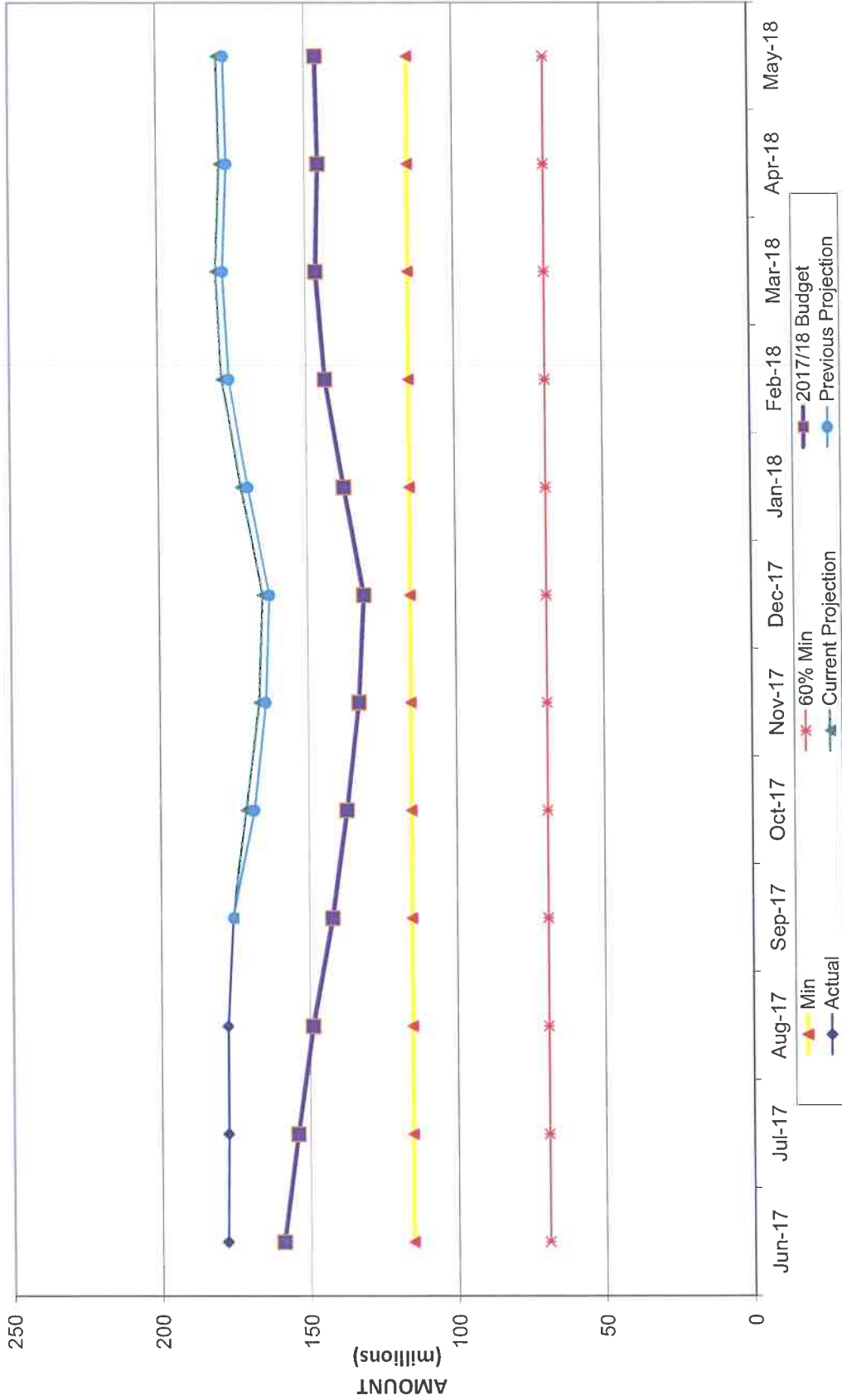
	1/17 - 9/17		1/17 - 9/17		Biennial		Actual vs	
	Budget	Actual	Budget To Date	Actual vs Budget To Date	Budget	Actual vs Bienn. Budget	Budget	Actual vs Bienn. Budget
Personnel Costs	\$11,007,317	\$10,997,648	100%	\$29,936,256	37%			
Supplies, Services & Other	3,946,046	4,038,530	102%	10,490,512	38%			
Capital Outlay	1,063,125	978,174	92%	2,835,000	35%			
<b>Total Expenditures</b>	<b>\$16,016,488</b>	<b>\$16,014,352</b>	<b>100%</b>	<b>\$43,261,768</b>	<b>37%</b>			

37.5% of Biennial Budget Completed

# TACOMA POWER

## CURRENT FUND BALANCED BUDGET CASH PROJECTIONS

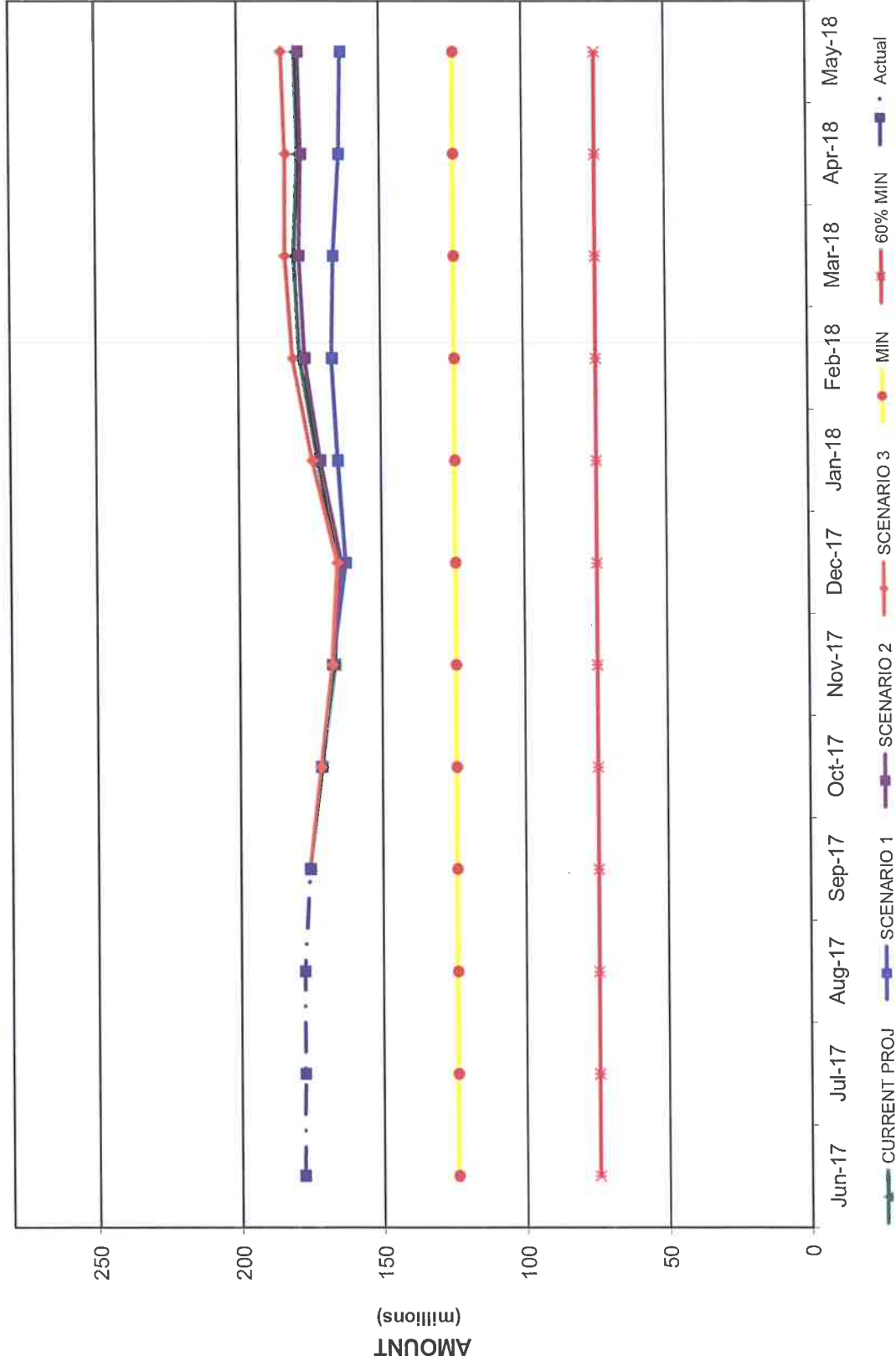
Estimated Cash for 2017-2018



# TACOMA POWER

## CURRENT FUND CASH PROJECTIONS

Actual and Estimated Cash for 2017-2018



**TACOMA POWER**  
**2017-2018 BALANCED BUDGET CASH PROJECTION**  
(000's omitted)

	Sep-17	Sep-17	Oct-17	Nov-17	Dec-17
	Estimate	Actual			
<b>Beginning Cash Balance (4)</b>	<b>180,787</b>	<b>180,787</b>	<b>175,802</b>	<b>171,221</b>	<b>166,538</b>
<b>Cash In</b>					
Retail Sales	23,852	24,555	25,534	26,064	31,849
Wholesale Sales	3,499	3,190	1,798	1,216	4,374
Telecommunications	2,434	2,185	2,467	2,493	2,600
Other Revenue	2,017	1,990	2,017	2,017	2,017
<b>Total Cash In</b>	<b>31,802</b>	<b>31,920</b>	<b>31,816</b>	<b>31,790</b>	<b>40,840</b>
<b>Cash Out</b>					
Personnel Costs	7,710	6,878	7,710	7,710	11,565
Debt Service	3,019	2,880	3,019	3,019	3,019
Taxes	5,172	4,681	3,866	3,853	4,702
BPA Purchases	11,388	10,974	10,736	10,891	11,618
Wholesale Purchases	1,292	1,558	1,040	974	1,310
Supplies, Other Services & Charges	6,616	4,016	6,616	6,616	6,616
Capital Outlay	3,410	4,141	3,410	3,410	3,410
<b>Total Cash Out</b>	<b>38,607</b>	<b>35,128</b>	<b>36,397</b>	<b>36,473</b>	<b>42,240</b>
<b>Net</b>	<b>(6,806)</b>	<b>(3,208)</b>	<b>(4,581)</b>	<b>(4,683)</b>	<b>(1,400)</b>
Change in A/R		383			
Change in A/P		(2,160)			
<b>Ending Cash Balance</b>	<b>173,981</b>	<b>175,802</b>	<b>171,221</b>	<b>166,538</b>	<b>165,138</b>

The accompanying notes are an integral part of these cash projections.



TACOMA POWER  
2017-2018 CURRENT FUND CASH PROJECTIONS

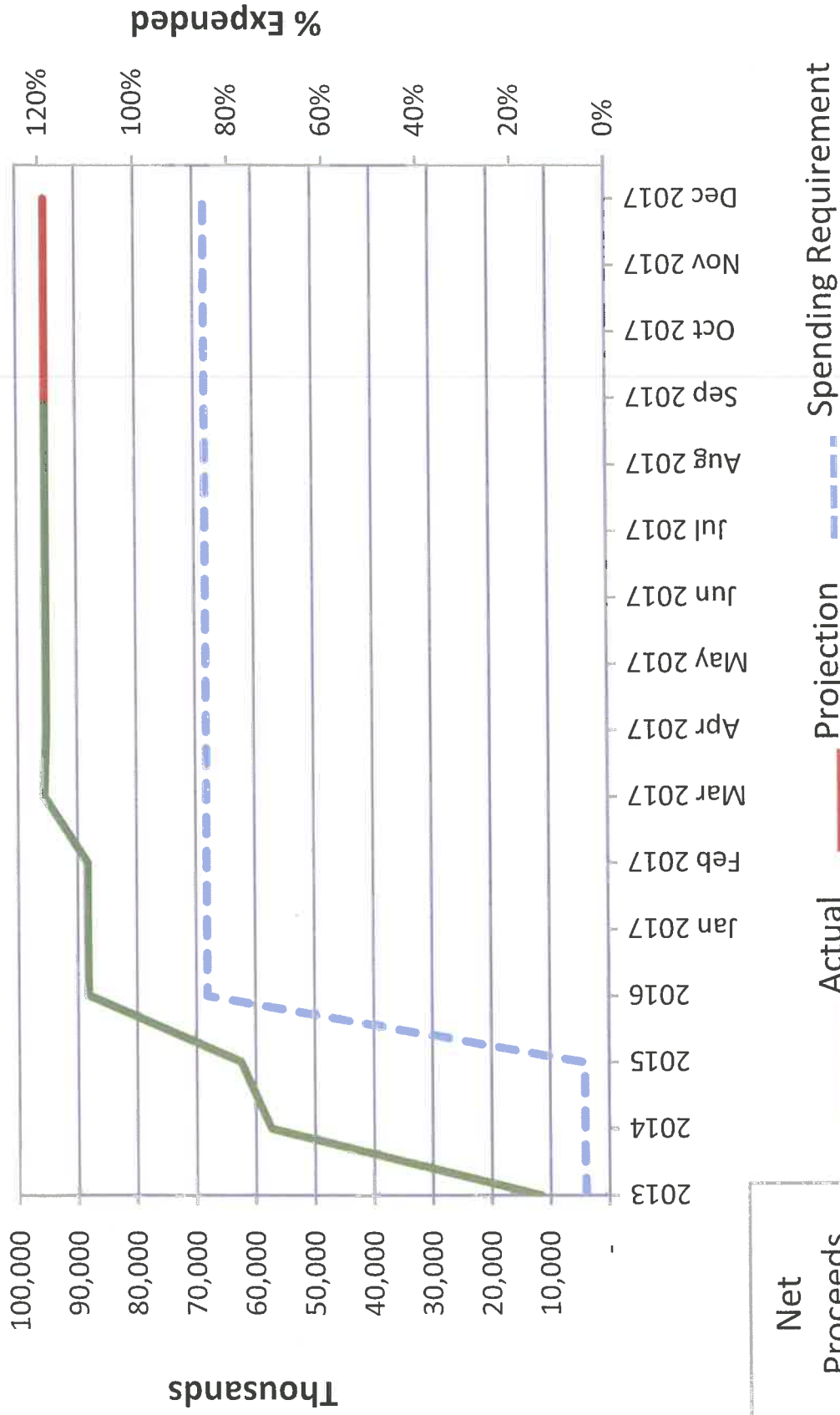
**Notes:**

1. While this projection is based primarily on historic patterns, it is factored by actual revenue and expense elements when known or when they can reasonably be estimated.
2. Based on Public Utility Board and City Council resolutions, the Division should maintain a minimum cash working capital balance of approximately \$115.3 million (90 days) in the 2017/2018 biennium. Due to seasonal fluctuations, however, the Division may on occasion drop below this recommended level. The cash balance in any month should never be allowed to drop more than 40% below the recommended level (\$69.2 million).
3. Commitments: These projections are based on the 2017/2018 budget.
4. "Actual" cash and investment balance as of September 1st, 2017.
5. BPA Purchase information provided by Power Management March 9th, 2017. BPA billings are net of Wynoochee and LaGrande/Cushman billing credits.
6. The Capital Outlay projection is based on the 2017/2018 budget.
7. Regular debt service includes the interest and principal payments on all outstanding Electric System Revenue and Refunding bonds.
8. Retail revenue in this projection is based on the Retail Sales and Forecast provided by the Rates, Planning and Analysis division.
9. On the Current Fund Cash Projections graph the most recent projection is labeled "CURRENT PROJ." Also shown are three scenarios based on estimated wholesale power sales revenues under current forward wholesale market prices and the following streamflow conditions:
  - Scenario 1 represents critical water conditions for 12 months followed by adverse water conditions.
  - Scenario 2 represents adverse water conditions.
  - Scenario 3 represents average water conditions.
10. Wholesale Sale/Purchase information provided by Power Management on October 5th, 2017.

**Significant Changes:**

Supplies, Other Services & Charges came in under estimates by (\$2.6) million. These estimates are based on an even spread of the biennial budget and, therefore, will vary from actuals on a monthly basis.

# 4700-13CON Cumulative Bond Spending



Net Proceeds \$93,743 M

**Tacoma Public Utilities  
Power Bonds  
As of September 30, 2017**

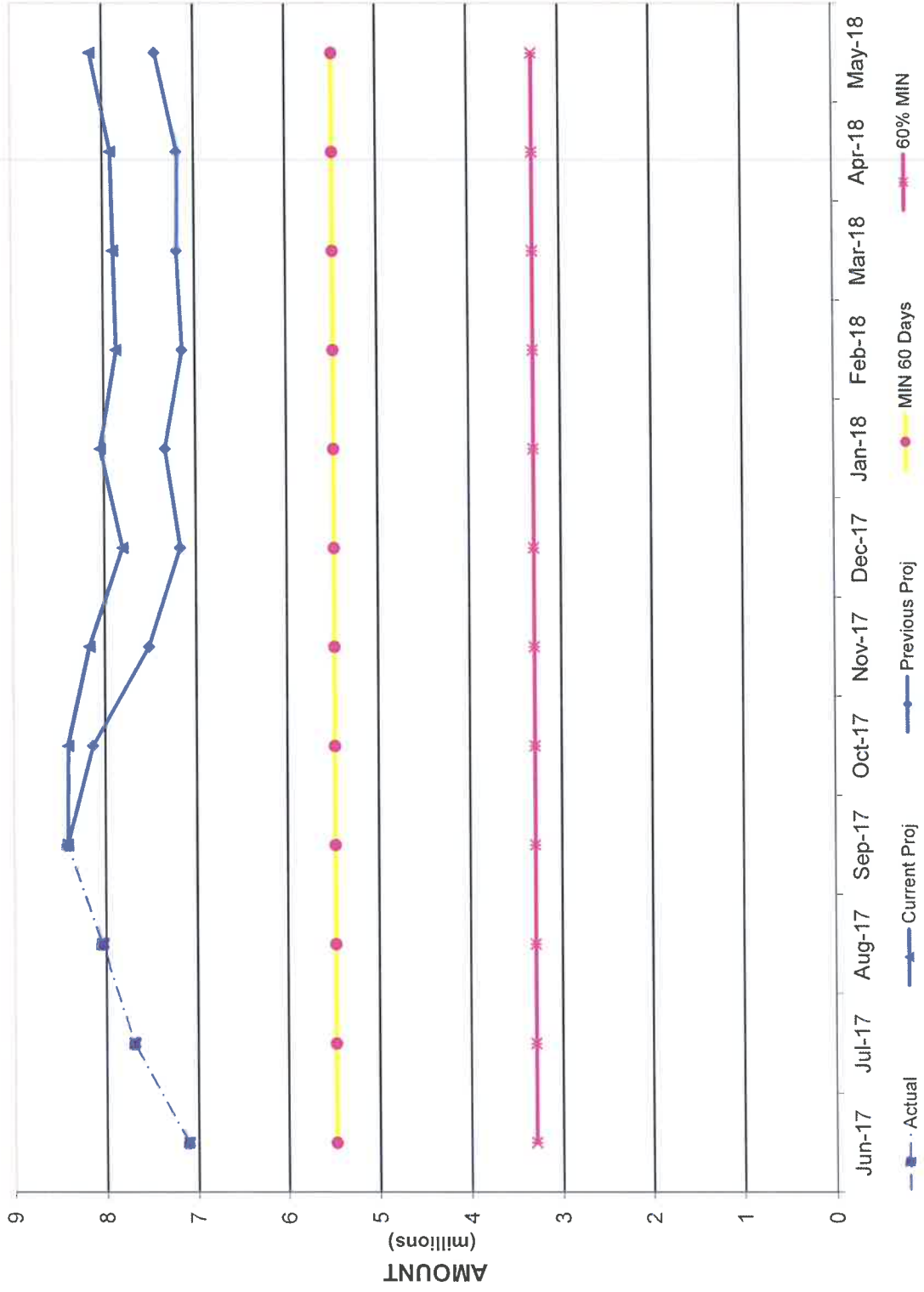
<b>4700-13CON</b>	
<b>Bond Type</b>	Revenue Bonds
<b>Issue Date</b>	6/1/2013
<b>Months Transpired</b>	49

<b>Construction Fund Proceeds</b>	93,743,000
<b>Investment Revenue</b>	1,455,444
<b>Period</b>	
2013	(11,583,188)
2014	(45,757,017)
2015	(5,099,210)
2016	(25,786,936)
1/31/2017	(81,348)
2/28/2017	(12,329)
3/31/2017	(7,210,199)
4/30/2017	326,072
5/31/2017	-
6/30/2017	5,714
7/31/2017	-
8/31/2017	-
9/30/2017	-

<b>Total Spending</b>	<b>(95,198,441)</b>
<b>Remaining Bond Balance</b>	<b>3</b>
<b>Actual % Spent</b>	<b>102%</b>
<b>Cash Balance</b>	<b>3</b>

# TACOMA RAIL 2017 CURRENT FUND CASH PROJECTIONS

Actual & Estimated Cash



TACOMA RAIL  
2017 CURRENT FUND CASH PROJECTIONS  
(000's omitted)

	Sep-17 Estimate	Sep-17 Actual	Oct-17 Estimate	Nov-17 Estimate	Dec-17 Estimate
Beginning Cash Balance	\$8,040	\$8,040	\$8,405	\$8,396	\$8,160
<b>REVENUES (Cash-In)</b>	(1)				
Switching Revenue	2,048	1,969	1,964	1,919	1,963
Demurrage Revenue	96	67	96	96	96
Other Revenues	22	12	22	22	22
Lease Revenue	90	72	90	90	90
Interest Income	8	8	8	8	8
Service Maint/Trans Revenue	155	188	155	155	155
<b>Total Revenues</b>	<b>2,419</b>	<b>2,316</b>	<b>2,335</b>	<b>2,290</b>	<b>2,334</b>
<b>EXPENSES (Cash-Out)</b>	(1)				
Personnel Costs	1,133	1,066	1,078	1,073	1,541
Taxes	227	217	391	214	218
Supplies, Other Services & Charges	857	610	682	759	553
Assessments	139	142	140	139	139
Debt Service	111	110	37	91	-
Capital Outlay	91	49	16	250	248
<b>Total Expenses</b>	<b>2,558</b>	<b>2,194</b>	<b>2,344</b>	<b>2,526</b>	<b>2,699</b>
Change in AR	(3)	175			
Change in AP	(3)	68			
<b>Net Increase (Decrease) in Cash</b>	<b>(139)</b>	<b>365</b>	<b>(9)</b>	<b>(236)</b>	<b>(365)</b>
Ending Cash Balance	(2) <u>7,901</u>	<u>\$8,405</u>	<u>8,396</u>	<u>\$8,160</u>	<u>\$7,795</u>

The accompanying notes are an integral part of these cash projections.

TACOMA RAIL  
2017 CURRENT FUND CASH PROJECTIONS

**Notes:**

1. While this projection is based primarily on historic patterns, it is factored by actual revenue and expense elements when known or when they can reasonably be estimated.

2. Based on City Council Resolution No. 37101, adopted February 6, 2007, the Division should maintain a minimum cash balance equal to 60 days of current expenditures (\$5.478 million in the 2017/2018). Due to seasonal fluctuations, however, the Division may on occasion drop below this recommended level. The cash balance in any month should never be allowed to drop more than 40% below the recommended level (\$3.287 million).

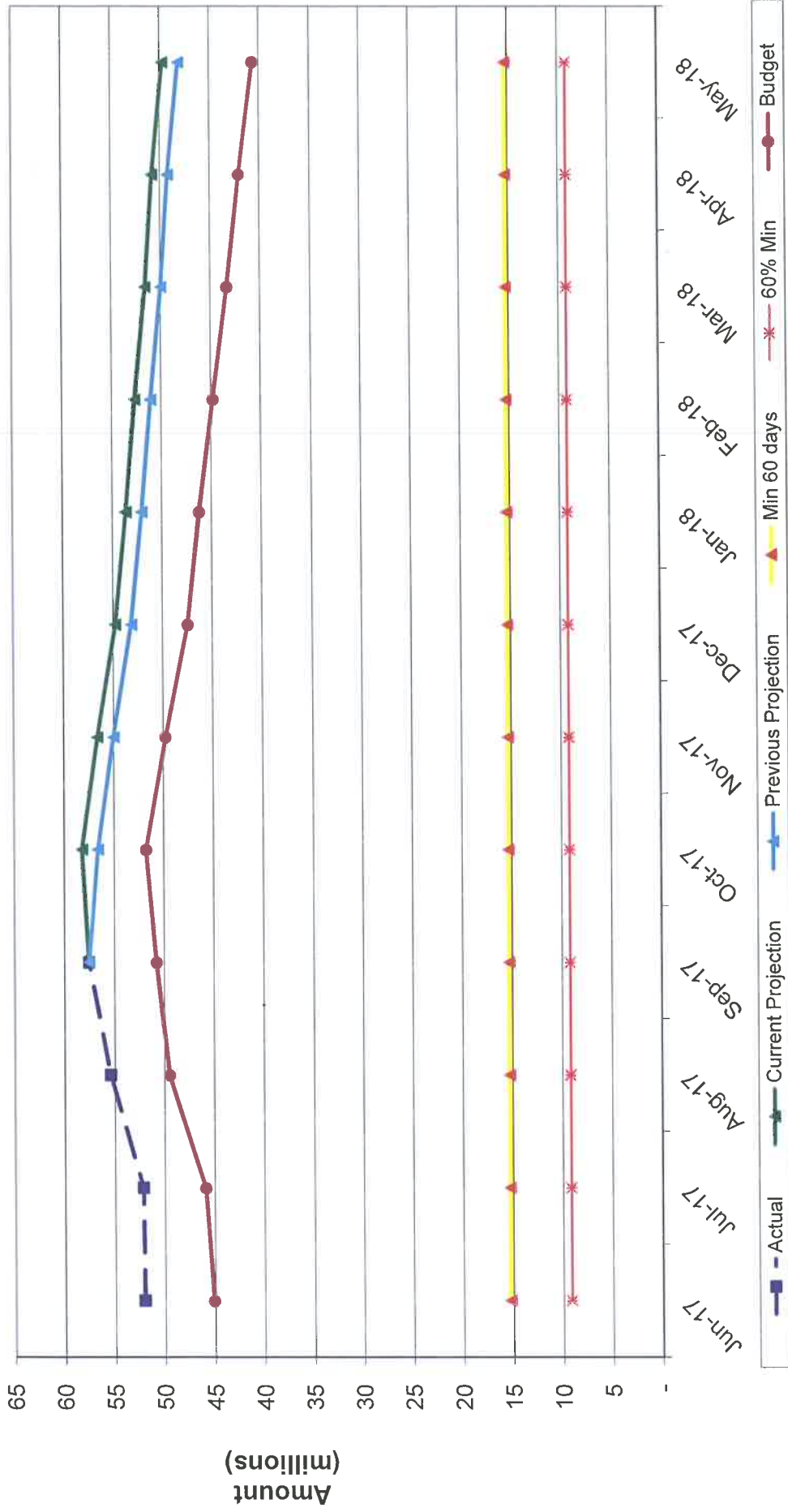
3. Change in AR and Change in AP are adjustments to the current month's actual cash flows from Revenues and Expenses which factor into the actual ending cash balance. A positive number in Change in AR indicates collections from outstanding accounts receivables exceeded revenues billed in the same month. Conversely, a positive number in Change in AP indicates that payments for goods and services were less than recorded expenses for the same month. The outstanding AR and AP balances at the end of the month will impact the future cash inflows and outflows, respectively.

**Significant changes since last projection:**

1. The variance in Supplies, Other Services and Charges of (\$247,000) is due to the delay of invoices associated with the Positive Train Control (PTC) project being expensed. The costs are anticipated to be expensed later in the year as the project progresses.

# TACOMA WATER CURRENT FUND CASH PROJECTIONS

Actual & Estimated Cash for 2017/2018



**TACOMA WATER**  
**2017/2018 CURRENT FUND CASH PROJECTIONS**  
(000's omitted)

	Sep-17 Estimate	Sep-17 Actual	Oct-17 Estimate	Nov-17 Estimate	Dec-17 Estimate
<b>Beginning Cash Balance</b>	<b>55,406</b>	<b>55,406</b>	<b>57,512</b>	<b>58,186</b>	<b>56,588</b>
<b>Cash In</b>					
Water Sales	7,563	7,956	7,624	4,988	5,808
Public Fire Protection (collected)	224	284	287	211	291
Interest	23	86	23	23	23
Other Revenue	310	668	307	280	286
BABs Subsidies	231	248	231	231	231
<b>Total Cash In</b>	<b>8,351</b>	<b>9,242</b>	<b>8,472</b>	<b>5,733</b>	<b>6,639</b>
<b>Cash Out</b>					
Personnel Costs	2,055	1,700	2,055	2,055	3,082
Supplies, Other Services & Charges	2,367	2,138	2,483	2,373	2,235
Taxes	1,206	1,548	1,052	695	950
Debt Service	2,213	2,182	2,208	2,208	2,212
Capital Outlay	-	(182)	-	-	-
<b>Total Cash Out</b>	<b>7,841</b>	<b>7,386</b>	<b>7,798</b>	<b>7,331</b>	<b>8,479</b>
Change in A/R	-	(73)	-	-	-
Change in A/P	-	323	-	-	-
<b>Net Change in Cash</b>	<b>510</b>	<b>2,106</b>	<b>674</b>	<b>(1,598)</b>	<b>(1,840)</b>
<b>Ending Cash Balance</b>	<b>55,916</b>	<b>57,512</b>	<b>58,186</b>	<b>56,588</b>	<b>54,748</b>



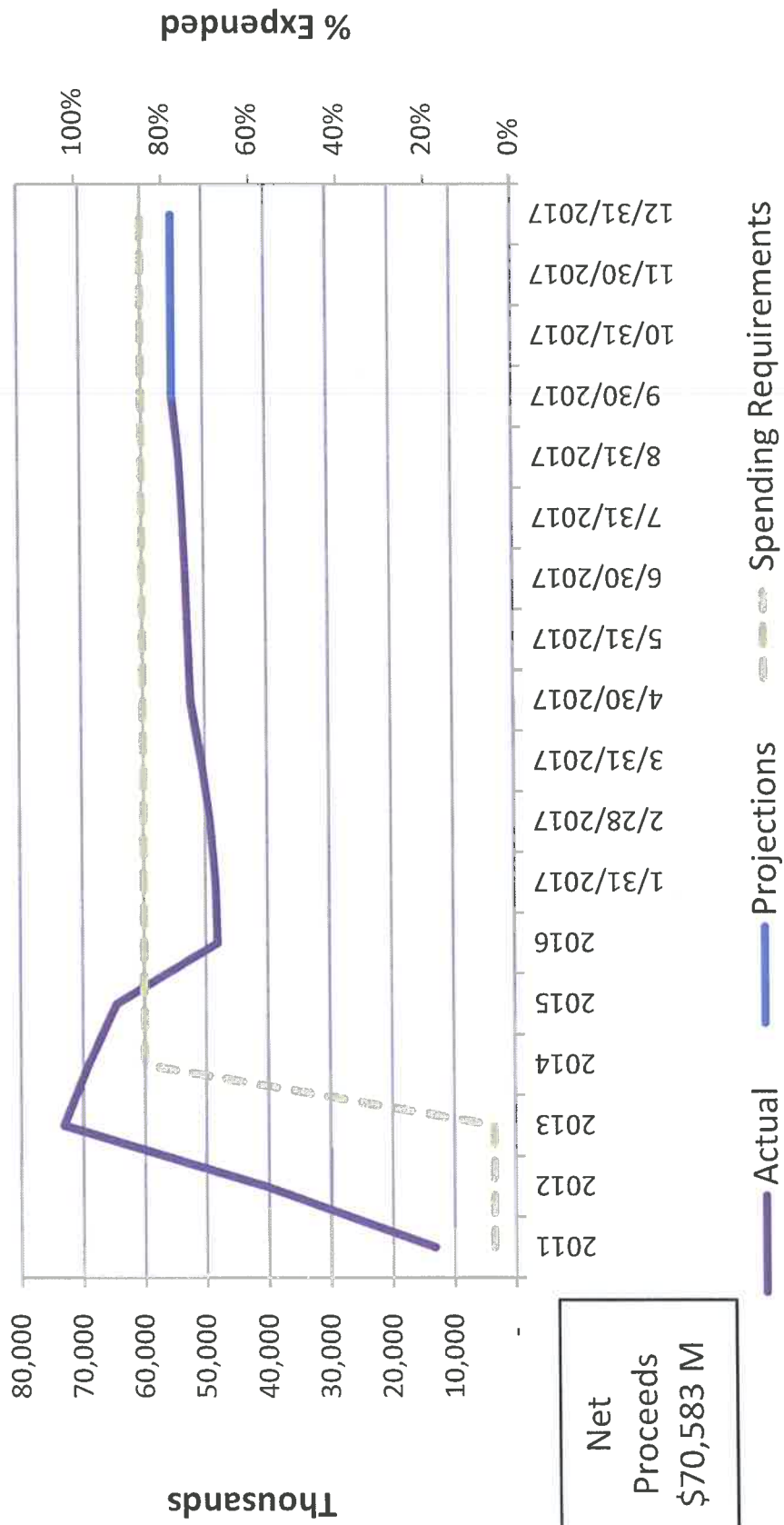
## TACOMA WATER

### 2017/2018 CURRENT FUND CASH PROJECTIONS

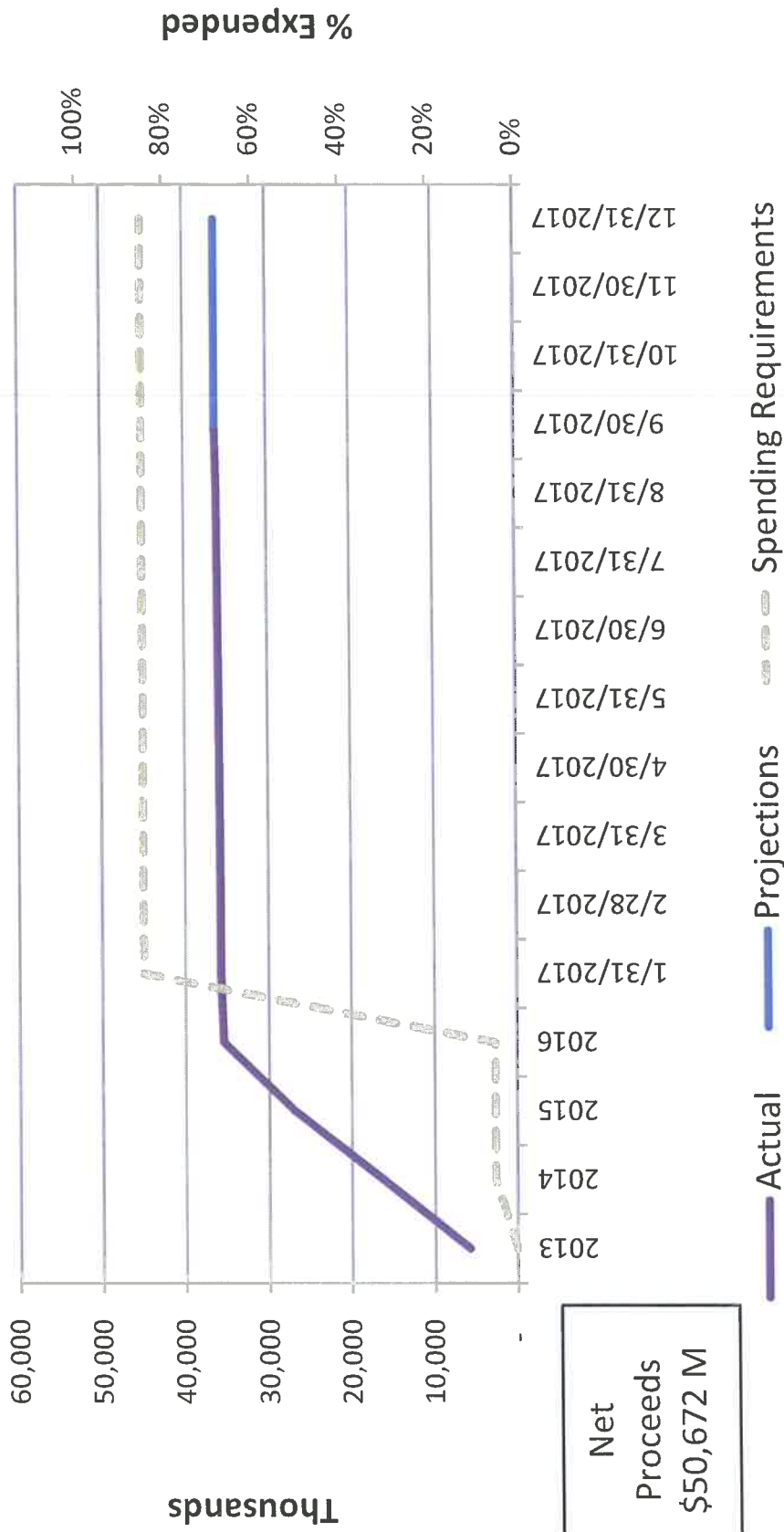
**Notes:**

1. While this projection is based primarily on historic patterns, it is factored by actual revenue and expense elements when known or when they can reasonably be estimated.
2. Based on City Council Resolution No. 38215, adopted March 8, 2011, the Division should maintain a minimum cash balance equal to 60 days of current expenditures (\$15.964 million in 2017/2018). Due to seasonal fluctuations, however, the Division may on occasion drop below this recommended level. The cash balance in any month should never be allowed to drop more than 40% below the recommended level (\$9.578 million).
3. Projections for changes in A/P and A/R are not provided due to the variable nature of these accounts. In general, a change in A/R is a result of a change in current month billings and collections, both of which are indicators of current and future cash inflows. A change in A/P is a result of a change in current month purchases and payments, both of which are indicators of current and future cash outflows.

# Water 4600-10WC Cumulative Bond Spending



# Water 4600-13WC Cumulative Bond Spending



**Tacoma Public Utilities  
Water Bonds  
As of September 30, 2017**

	Water	
	4600-10WC	4600-13WC
<b>Bond Type</b>	Taxable Build America Bonds	Revenue and Refunding Bonds
<b>Issue Date</b>	8/26/2010	5/7/2013
<b>Months Transpired</b>	86	53

<b>Construction Fund Proceeds</b>	70,583,000	50,672,000
<b>Interest Income</b>	3,323,994	1,110,560
<b>Period</b>		
2011	(13,126,630)	-
2012	(27,346,085)	-
2013	(32,598,851)	(5,767,218)
2014	4,004,026	(10,470,130)
2015	4,610,670	(10,684,407)
2016	16,395,475	(8,545,727)
1/31/2017	(277,688)	(272,288)
2/28/2017	(825,242)	(18,652)
3/31/2017	(1,388,636)	(35,048)
4/30/2017	(1,597,225)	(37,188)
5/31/2017	(379,296)	(34,769)
6/30/2017	(394,110)	(31,141)
7/31/2017	(418,590)	(50,725)
8/31/2017	(597,538)	(51,152)
9/30/2017	(1,058,461)	(185,527)

<b>Total Spending</b>	<b>(54,998,181)</b>	<b>(36,183,973)</b>
<b>Remaining Bond Balance</b>	<b>18,908,813</b>	<b>15,598,588</b>
<b>Actual % Spent</b>	<b>78%</b>	<b>71%</b>
<b>Cash Balance</b>	<b>18,908,813</b>	<b>15,598,588</b>

