

CTC CONTRACT – REQUEST FOR INFORMATION

- TPU Board Resolution No. U-10988 passed January 24, 2018: Directed the City Manager and Interim TPU Director to jointly seek information from interested and knowledgeable entities to determine how the 12 adopted community policy goals can be achieved through a restructuring of Click!.
- First Step (Develop RFI): Request for Information (RFI) will be developed by CTC. The RFI is intended to solicit detailed responses from entities that may have an interest in developing a partnership with the City. The RFI will provide background information (City and Click!) and will include the City's 12 policy goals. Once released, the RFI will be placed on relevant lists and other distribution channels identified by CTC.

March 16th (Friday): Completion date of initial draft RFI.

March 20th (Tuesday): Draft presented to City Council and TPU Board at joint study session.

March 30th (Friday): RFI finalized.

April 2nd (Monday): RFI released.

April 30th (Monday): RFI closed.

- Second Step (Ranking and Recommendations).

Detailed Questions. After initial responses are received, high-level questions will be asked of the respondents to elicit more specific information to develop an understanding of the respondents experience, financial capability and commitment to partnering with the City.

Ranking and Recommendations: CTC will rank responses and follow-up with the viable respondents and provide a recommendation to City Manager and TPU Director.

May 4th (Friday): Ranking and Recommendation provided to City.

- Third Step (Follow-up): CTC will conduct in-person follow discussions with selected respondents which may include question and answer sessions between City staff and respondents and a tour of Click! facilities.

May 11 (Friday): Complete follow-up with selected respondents.

- Fourth Step (Assessment): CTC will analyze the data and prepare an assessment of the potential opportunities and market response. The assessment will include recommendations regarding potential next steps and an evaluation of what was learned, in particular, how the 12 policy goals fit may be accommodated and what the potential outcomes might be.

May 29th (Tuesday): Present report and recommendation to City Council and TPU Board (*Need to schedule joint study session if possible*)

PROFESSIONAL SERVICES CONTRACT

THIS CONTRACT, made and entered into effective this **9th** day of **February, 2018**, by and between the **CITY OF TACOMA**, a municipal corporation of the state of Washington (hereinafter the "CITY"), and **CTC TECHNOLOGY & ENERGY**, a Maryland corporation (hereinafter the "CONTRACTOR");

WHEREAS in January 2018, Resolution No. U-10988 of the Tacoma Public Utility Board and Resolution No. 39930 of the Tacoma City Council were adopted establishing a vision and next steps for maximizing the value of Click! Network, and

WHEREAS, these resolutions identified twelve community policy goals and directed that the Interim Director of Tacoma Public Utilities and the City Manager work jointly to prepare requests for information, proposals and qualifications for entities expressing interest in working with the City to determine how the community policy goals can be achieved through collaboration and restructuring of Click!, and

WHEREAS, the resolutions provide that the Utilities Director and City Manager may retain the services of a consultant to assist in this work, and

WHEREAS, the City has the need for consultant services to, prepare a request for information, review and evaluate the responses to the RFI and make recommendations to the Tacoma Public Utilities Board and Tacoma City Council, and

WHEREAS the Contractor has expertise in providing public broadband network business model analysis, strategic planning and business planning and related services;

NOW, THEREFORE, 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 described in Exhibit "A" (Scope of Work) attached hereto and incorporated herein.

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 the 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 June 30, 2018, and this Contract shall expire on said date unless mutually extended in writing by the Parties.

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 the CONTRACTOR is unable to proceed due to a delay solely attributable to the CITY, the CONTRACTOR shall advise the 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 as follows:

On the basis of Time and Materials according to the rates and charges set forth in Exhibit "A."

B. The total price to be paid by the CITY for the CONTRACTOR'S full and complete performance of the Scope of Work hereunder shall not exceed **\$37,000, plus reimbursable travel expenses** to be incurred by Contractor, without the written consent of the CITY. Said price shall, except for reimbursable travel expenses, 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 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 "B," for services completed and/or deliverables furnished during the previous month. Upon the CITY'S request, the 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 the 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 the 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. The 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 agrees that all services performed pursuant to this Contract shall be generally suitable for the use to which the 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 City Manager and Public Utilities Director, by and through the Assistant City Manager, 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 the CITY's request, the Contractor shall make available to the CITY all accounts, records, and documents related to the Scope of Work for the CITY's inspection, auditing, or evaluation during normal business hours as reasonably needed by the CITY to assess performance, compliance, and/or quality assurance under this Contract.

7. Records Retention.

The CONTRACTOR shall establish and maintain records in accordance with requirements prescribed by the CITY, with respect to all matters covered by this Contract. Except as otherwise authorized by the CITY, the CONTRACTOR shall retain such records for a period of three (3) 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 or facsimile, 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
William C. Fosbre, City Attorney Tacoma City Attorney's Office 747 Market Street, Suite 1120 Tacoma, WA. 98402-3767	CTC Technology & Energy Attn: Joanne S. Hovis, President 10613 Concord Street Kensington, MD 20895
Phone: (253) 591-5885	Phone: (301) 933-1488
Facsimile: (253) 591-5755	Facsimile: (301) 933-3340
E-mail: bill.fosbre@cityoftacoma.org	E-mail: jhovis@ctcnet.us

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 the 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 the 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 the CITY shall not constitute a waiver of any claims or remaining rights the CITY may have against the 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 to the extent arising out of the CONTRACTOR'S negligent performance 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, the CONTRACTOR will maintain the following insurance coverage:

- A. Workers' Compensation and employer's liability – statutory limits.
- B. Commercial General Liability – \$1,000,000 single limit combined for personal injury, property damage; \$2,000,000 aggregate.
- C. Automobile public liability and property damage – \$1,000,000 single limit combined for bodily injury and property damage.
- D. Professional liability or errors and omissions – \$1,000,000 combined single limit for errors and omissions resulting in monetary loss normally covered by professional liability insurance.

Certificates of the above insurance coverage shall be delivered, within ten (10) days, to the CITY by the CONTRACTOR'S insurance carrier or agent, certifying that the above insurance coverage items are in effect and will not be cancelled or materially changed without 30 days' written notice given to the CITY. The commercial general liability policy shall be on an occurrence basis and shall include an endorsement naming the CITY as an additional insured, and stating that coverage under such policy is primary over and non-contributory with any insurance the CITY may maintain.

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 it 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.

A. To the extent that the CONTRACTOR creates any Work subject to the protections of the Copyright Act (Title 17 U.S.C) in its performance of this Contract, the CONTRACTOR agrees to the following: The Work 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 owned by the CITY. To the extent that the Work does not qualify as a work made for hire under applicable law, and to the extent that the Work includes material subject to copyright, the CONTRACTOR hereby assigns to the CITY, its successors and assigns, all right, title, and interest in and to the Work, including, but not limited to, all patent, trade secret, and other proprietary rights and all rights, title and interest in and to any inventions and designs embodied in the Work or developed during the course of the CONTRACTOR'S creation of the Work. The 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. Any documents, magnetically or optically encoded media, or other materials created by the CONTRACTOR pursuant to this Contract shall be owned by the CITY and subject to the terms of this subsection. To the maximum extent permitted by law, the CONTRACTOR waives all moral rights in the Work. The rights granted hereby to the CITY shall survive the expiration or termination of this Contract.

B. The CONTRACTOR shall be solely responsible for obtaining releases for the performance, display, recreation, or use of copyrighted materials.

C. The CITY agrees that any reuse of the Work on any project not described in Exhibit "A" of this Agreement will be at the CITY'S sole risk.

16. Public Disclosure.

A. This Contract and documents provided to the CITY by the 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 the CITY receives a request for such disclosure, determines in its legal judgment that no applicable exemption to disclosure applies, and the CONTRACTOR has complied with the requirements of Subsection B herein, the CITY agrees to provide the CONTRACTOR ten (10) days' written notice of impending release. Should legal action thereafter be initiated by the CONTRACTOR to enjoin or otherwise prevent such release, all expense of any such litigation shall be borne by the CONTRACTOR, including any damages, attorneys' fees, or costs awarded by reason of having opposed disclosure. The CITY shall not be liable for any release where notice was provided and the 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 the CONTRACTOR according to the "Notices" provision herein.

B. If the CONTRACTOR provides the CITY with records that the CONTRACTOR considers confidential or proprietary, the CONTRACTOR must mark all applicable pages of said record(s) as "Confidential" or "Proprietary." If the 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. The 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 the CONTRACTOR's employees, agents, or subcontractors who have a substantial need to know such information in connection with the 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 the 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. The 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 Contract 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 the CONTRACTOR.

IN WITNESS WHEREOF the parties hereto have accepted and executed this Contract as of the day and year first written above.

CITY OF TACOMA

CTC TECHNOLOGY & ENERGY

Elizabeth A. Pauli,
City Manager

Printed Name: _____
Title: Address: _____

CTC Technology & Energy
10613 Concord Street
Kensington, MD 20895

Federal Tax ID No. _____

TACOMA PUBLIC UTILITIES

Linda McCrea, Interim Director
Tacoma Public Utilities

Approved as to form:

Christopher D. Bacha,
Chief Deputy City Attorney

Approved:

Andy Cherullo, Finance Director

EXHIBIT “A”

SCOPE OF WORK

Scope of Work

Building on our previous work with the City, we propose to perform the following tasks:

Task 1: Prepare an RFI

We will develop and draft the technical and business components of a request for information (RFI) designed to solicit detailed responses from public and private sector entities that may have an interest in developing a public-public or a public-private partnership with the City. The RFI will also serve to inform the public and private sectors—enabling respondents to understand the potential business opportunity and, just as importantly, to understand the City’s underlying policy goals as reflected in the 12 items adopted by resolution.

The RFI will also describe Tacoma and the region (i.e. Tacoma Power service area) itself—its location, demographics, and attributes—as a way to build a basic picture of market opportunities for potential bidders. The RFI will then describe the infrastructure and operations of Click! in some detail. It will then present the potential partnership opportunity in relatively simple business terms—without discussion of costs or legal structure, for example, because those are items about which we would seek input from the public and private sectors.

After setting the stage, the RFI will then ask respondents to reply to a series of relatively high-level questions, followed by a series of much more specific and pointed questions. The more detailed questions will be designed to solicit useful information from potential partners about their interest in partnering with the City, their existing operations, their experience, their financial stability, and their past experience and commitment to critical City goals such as net neutrality.

The RFI will also be designed to elicit as much practical financial information as possible, including the potential willingness of public and private partners to pay for the use of Click! assets under different scenarios.

As we discussed on the phone, the fact that this process will be public and that neither the RFI responses nor our summary recommendations can be kept private may mean that some of the responses will be less concrete and clear than we would like. We are hopeful that the RFI presents an opportunity to get a sense of the market. It will be designed to do so as effectively as possible, subject to the limitation that RFI respondents are sometimes reluctant to divulge too much information that would be available to their competitors.

Our deliverable in this task will be comprehensive narrative RFI language. (We will require the City’s help in terms of a description of the Click! infrastructure, information

about the technologies used, and so on, so that we can include that material in the sections we prepare.) We will provide the business and technical narrative elements of the RFI and host the publication/release of the RFI, and be the point of delivery and collection of information responsive to the RFI.

Once the RFI is released, we will place the RFI on the relevant lists and in other distribution channels where we know potential partners would be notified about it. We will also make sure it is received by the dozen or so companies that we would hope would be interested in responding.

We will endeavor to complete the draft RFI by March 16th for presentation to the City Council at a joint study session with Public Utility Board on Tuesday, March 20th and will endeavor to complete Task 1 by Friday, March 30, 2018.

Our understanding is that the City intends to release the RFI on or around April 2nd, 2018 with a due date of April 31st, 2018.

Task 2: Review RFI Responses and Conduct Follow-up Calls or Meetings with Some or All of the Respondents

Once responses from the public and private sectors are received we will review and evaluate them on the City's behalf. We will rank the responses, identifying those we feel are most viable and worthy of follow-up. We will verbally advise City staff on our ranking and make recommendations on appropriate follow-up steps. Upon completion of this process, we will confer our ranking and recommendations on follow-up steps with the Public Utility Board and the City Council. We will then be prepared to conduct follow-up phone calls and meetings with the highest-ranked respondents.

We will endeavor to complete this first phase of Task 2 by Friday, May 4th, 2018.

We will then conduct in-person follow-up discussions in Tacoma with the more interesting respondents—potentially giving the respondents the opportunity to ask questions about the Click! infrastructure and tour the City's facilities, while giving the City and CTC the opportunity to ask additional questions and get more input from the respondents about their interest in the opportunity.

We will endeavor to complete this second phase of Task 2 by Friday, May 11, 2018.

Task 3: Develop a Summary Memorandum and Make Recommendations in Regard to Next Steps

Based on the data collected through the RFI (written responses) and follow-up discussions, we will write a summary memorandum and report of our assessment of the City's potential opportunities, how we think the market would react if the City were to issue an RFP, and how the City's interests could be promoted and protected. The memorandum will include a full set of recommendations for next steps, as well as

an evaluation of what we have learned about the potential trade-offs among policy goals and an analysis of potential outcomes.

We will endeavor to complete Task 3 by Tuesday, May 29th, 2018. Joanne Hovis will then be available to present the memo and recommendations, and to respond to questions, before the Public Utility Board and the City Council as requested.

Project Fees

CTC proposes to perform the tasks identified in the scope of work above for a not-to-exceed cost of \$37,000. Travel costs for Joanne's trips to assist in interviews and to present recommendations will be billed separately in addition to this budget.

We will bill this work at the following hourly rates:

Labor Category	Rate
Director of Business Consulting /	\$170
Principal Analyst / Engineer	\$160
Senior Project Analyst / Engineer	\$150
Senior Analyst / Engineer	\$140
Staff Analyst / Engineer	\$130
Communications Aide / Engineer Aide	\$75

CTC's billing rates are inclusive of all routine expenses including administrative, accounting, and computer support, telephone calls, and photocopying. Local travel is billed at current standard mileage rates. Non-routine expenses and long-distance travel are recovered at direct cost with no mark-up.

EXHIBIT "B"

INVOICE

This form is intended to illustrate the information the CITY needs to process Contract payments. The CITY prefers that CONTRACTOR use its own standard business invoice forms so long as it includes 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)

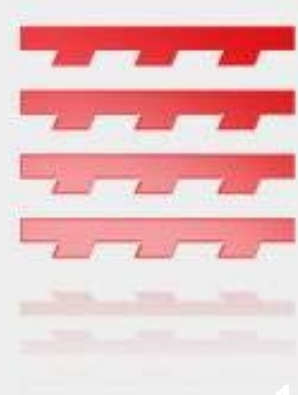
I Attest and Certify that all Services and/or Deliverables identified in this Invoice have been performed and/or supplied.

Contract Administrator Signature

City Dept/Division: City Manager's Office
Contact Name: Tadd, Wille, Assistant City Manager
Phone: 253.591.5818

INTRODUCTION TO LEAP

TMC 1.90 LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM



LEAP PROGRAM OVERVIEW

- PURPOSE
- SCOPE
- WHO QUALIFIES?
- LEAP GOALS
- ENFORCEMENT
- DATA

PURPOSE

“THE PURPOSE OF THIS CHAPTER IS TO ESTABLISH A MEANS OF PROVIDING FOR THE DEVELOPMENT OF A TRAINED AND CAPABLE WORKFORCE POSSESSING THE SKILLS NECESSARY TO FULLY PARTICIPATE IN THE CONSTRUCTION TRADES.”

TMC 1.90.010

SCOPE

- **ALL PUBLIC WORKS OR IMPROVEMENTS UNDER FOLLOWING CONDITIONS:**

- Only applies to projects funded with City or TPU dollars
- Only applies to Civil Projects more than \$250k
- Only applies to Building Projects more than \$750k

WHO QUALIFIES?

- ALL CITY OF TACOMA RESIDENTS
- ALL PIERCE COUNTY APPRENTICES
- ALL PIERCE COUNTY VETERANS
- ALL PIERCE COUNTY YOUTH (18 – 24)

LEAP GOALS

- “...LESSER OF AT LEAST 15 PERCENT OF THE TOTAL LABOR HOURS ACTUALLY WORKED ON THE PROJECT, OR 15 PERCENT OF THE ESTIMATED LABOR HOURS...”
- “TWENTY-FIVE PERCENT...[OF] LEAP UTILIZATION GOAL SHALL HAVE WORK PERFORMED BY A CEZ RESIDENT”
- EXCEPTION AREAS
 - Green River, Hydro Projects, etc

ENFORCEMENT

- “FAILURE TO MEET UTILIZATION GOAL”

<u>% Completed</u>	<u>Fee per Hour</u>
100%	\$0.00
90 - 99%	\$2.00
75 - 89%	\$3.50
50 - 74%	\$5.00
1 - 49%	\$7.50
0%	\$10.00

DATA

- **1/1/17 – 12/31/17**
 - **27,402 LEAP Hours**
 - 767 Empowerment Zone Hours
 - 11,078 Tacoma Resident Hours
- **1/1/12 – 12/31/16**
 - **200,586 LEAP Hours**
 - 20,312 Empowerment Zone Hours
 - 107,900 Tacoma Resident Hours

PROPOSED CHANGES TO TMC 1.90 (LEAP)

Clifford Armstrong III
Contract & Program Auditor for LEAP



AGENDA

- FRAMEWORK
- DEFINITIONS
- LOCAL EMPLOYMENT
- APPRENTICESHIP
- ADJUSTMENTS
- CASE STUDY: PG16-0222F

DEFINITION CLEANUP

1

- BRIEF FRAMEWORK EXERCISE
 - Characteristics
 - Implementations
- “LESS IS MORE”
 - Current
 - Proposed

DEFINITION CLEANUP

2

- PER 1.90.030, WHO IS AN “APPRENTICE?”

- Current

- A. “Apprentice” shall mean a person enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.
 - N. “Pierce County Apprentice” shall mean any person, not defined as a Resident of the Community Empowerment Zone or Resident of Tacoma, who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce County, who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature, and who is enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.
 - AA. “Tacoma Apprentice” shall mean any person who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City of Tacoma, who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature, and who is enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

DEFINITION CLEANUP

3

- PER 1.90.030, WHO IS AN “APPRENTICE?”
 - Proposed
 - A. “Apprentice” shall mean a person enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

LOCAL EMPLOYMENT

4

- WHAT IS “LOCAL”?
 - Current Code 1.90.040 A1
 - City of Tacoma residents for all trades at all levels
 - Pierce County residents for:
 - Apprentices
 - Journeyman who are also Veterans or under 24 years of age
- KEY PROBLEM
 - Infrastructure-Only Areas

LOCAL EMPLOYMENT

5

- **COMMUNITY EMPOWERMENT ZONE (CEZ)**
 - **Current Code TMB 1.90.040 A2**
 - 25% of LEAP Goal must be CEZ Resident
 - For Infrastructure areas, may be substituted for residents of those areas
 - Hours may be met by non-CEZ or Infrastructure area residents per Adjustments Policy in 1.90.040 B
 - **What is the intent?**
 - Economic priority for distressed ZIP codes or census tracts.
- **KEY PROBLEM(S)**
 - **Obsolete format**
 - **Adjustments**

LOCAL EMPLOYMENT

6

- **WHAT IS LOCAL? (WHO COUNTS?)**
 - **Proposed Code TMB 1.90.040**
 - **Journeyman**
 - City of Tacoma
 - Economically Distressed ZIP Codes of Tacoma Public Utilities Service Area
 - **Apprentices**
 - Economically Distressed ZIP Codes of Tacoma Public Utilities Service Area
 - **Infrastructure Only Projects**
 - Removed from this goal (but wait...)

APPRENTICESHIP

7

- DO WE HAVE A GOAL?
 - Not in current code
 - Proposed Code TMB 1.90.040 A2
 - Fifteen percent (15%) of the Total Labor Hours on contracts above one-million dollars (\$1,000,000.00) shall have work performed by Apprentices who are residents of the Tacoma Public Utilities Service Area consistent with RCW 39.04.320(1)(a), subject to waiver based on exceptions as specified in RCW 39.04.320(2)(a), (b), and (c).

IN PRACTICE

8

- **GG AND TPU CONTRACT IN PIERCE CO**

- Civil Contract over \$250k = Local Employment Goal
- Building Contracts over \$750k = Local Employment Goal
- Either type over \$1mil = Local Employment and Apprenticeship Goals

- **TPU CONTRACTS NOT IN PIERCE CO**

- Less than \$1mil = No Goals
- Greater than \$1mil = Apprenticeship Goal

ADJUSTMENTS 1.90.040 (B)

9

- **CONFLICTING INTENTS (CURRENT CODE)**
 - How do we incentivize particular groups of people?
 - CEZ Goal (25% of LEAP Goal)
 - Hours multiplier
 - CEZ 2x Multiplier
 - Tacoma Veteran 1.5x Multiplier
 - Tacoma Youth 1.5x Multiplier
 - How do we make it easier for contractors?
 - CEZ Substitution
 - .5 Multiplier after LEAP goal

ADJUSTMENTS (CONT'D) 1.90.040 (B)

10

- **EXAMPLE**

- **20 HOUR LEAP Goal (5 Hour CEZ Goal)**

- Contractor meets CEZ goal of 5 hours (and nothing else)
 - CEZ Employee hours are multiplied by 2
 - » 10 Hours of LEAP Goal have been filled.
 - Contractor does not meet CEZ goal of 5 hours (but does meet LEAP Goal)
 - “Regular” LEAP Employee hours count as .5 of their value **after** LEAP goal is met
 - » 10 extra hours of LEAP employees can be used to meet CEZ Goal

ADJUSTMENTS REMOVAL 1.90.040 (B)

11

- THE NEED FOR THIS SECTION ONLY EXISTS UNDER THE FOLLOWING CONDITIONS:
 - The goals are too high and contractors need assistance meeting them to avoid a fine. This condition does not exist as:
 - a) Penalties can be waived with consultation from LEAP coordinator
 - b) If the total labor hour estimate (by which we derive our goals) was too high, we take the lower actual labor hours worked and adjust the goal accordingly
 - We want to implement this specific tool to increase utilization of certain constituencies. This condition does exist, however:
 - a) We already had a goal that did this for CEZ and doubling down was a net loss for the program
 - b) We provided an alternative option to ensure the possibility the goal could be met without those constituencies
 - c) The proposed changes to 1.90.040 (A) remove the reasoning for the existence of this section.

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- **RELEVANT INFORMATION FOR LEAP**
 - Cowlitz Fish Facility Remodel (Randle, WA)
 - 2,400 Hour LEAP Goal
 - 600 Hour Hydro Area Goal (CEZ-Equivalent)
 - 1,800 Hours must be met by Tacoma/Pierce Co Residents
 - Contractor is extremely dedicated to meeting the goal
 - Scheduled several meetings before contract to figure out how to meet goal
 - Used GG Media/Communications Team to aid in advertising positions
 - Union Shop

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- **PROPOSED CODE**
 - Cowlitz Fish Facility Remodel (Randle, WA)
 - 15% Apprentice Goal
 - May be met by apprentice from anywhere in WA state.

CONCLUSION

14

- **DEFINITIONS**
 - Updated as necessary
- **LOCAL EMPLOYMENT**
 - Local Employment Goal of 15%
 - Changed Community Empowerment Zone to Economically Distressed Areas of TPU
- **APPRENTICESHIP**
 - Apprentice Goal of 15% on projects over \$1mil
- **ADJUSTMENTS**
 - Removed

CONCLUSION

15

APPENDIX ITEMS

- A. TACOMA PUBLIC UTILITIES SERVICE AREA
- B. PRIORITY HIRE ZIP CODES
- C. PROPOSED CHANGES QUICK SHEET
- D. PERFORMANCE OUTCOMES
- E. LEAP SUCCESS COUNT
- F. CURRENT CODE
- G. PROPOSED CHANGES W/STRIKETHROUGH
- H. PROPOSED CHANGES (CLEAN W/UNDERLINE)

Appendix A: Tacoma Public Utilities Service Area

98001	Auburn
98002	Auburn
98003	Federal Way
98010	Black Diamond
98022	Enumclaw
98023	Federal Way
98030	Kent
98032	Kent
98038	Maple Valley
98042	Kent
98045	North Bend
98051	Ravensdale
98070	Vashon
98092	Auburn
98198	Seattle
98304	Ashford
98321	Buckley
98323	Carbonado
98327	DuPont
98328	Eatonville
98329	Gig Harbor
98330	Elbe
98332	Gig Harbor
98333	Fox Island
98335	Gig Harbor
98336	Glenoma
98338	Graham
98349	Lakebay
98354	Milton
98355	Mineral

98356	Morton
98360	Orting
98371	Puyallup
98372	Puyallup
98373	Puyallup
98374	Puyallup
98375	Puyallup
98377	Randle
98385	South Prairie
98387	Spanaway
98388	Spanaway
98390	Sumner
98391	Bonney
98402	Tacoma
98403	Tacoma
98404	Tacoma
98405	Tacoma
98406	Tacoma
98407	Tacoma
98408	Tacoma
98409	Tacoma
98416	UPS
98418	Tacoma
98421	Tacoma
98422	Tacoma
98424	Tacoma
98430	Camp Murray
98433	Tacoma
98438	McChord
98439	Lakewood

98443	Tacoma
98444	Tacoma
98445	Tacoma
98446	Tacoma
98447	PLU
98465	Tacoma
98466	Tacoma
98467	University Place
98498	Lakewood
98499	Lakewood
98520	Aberdeen
98524	Allyn
98528	Belfair
98533	Cinebar
98546	Grapeview
98548	Hoodsport
98555	Lilliwaup
98563	Montesano
98564	Mossyrock
98575	Quinault
98580	Roy
98582	Salkum
98584	Shelton
98585	Silver Creek
98591	Toledo
98592	Union
98597	Yelm
98925	Easton

Appendix B: Priority Hire Zip Codes

Zip Code	200% Pov	Unemployed	25+ College	Area
98002	Y		Y	Auburn
98304	Y		Y	Ashford/Rainier
98323	Y	Y	Y	Carbonado
98328	Y		Y	Eatonville
98330	Y		Y	Elbe
98336	Y		Y	Glenoma
98349	Y	Y		Lakebay
98355		Y	Y	Mineral
98356	Y	Y	Y	Morton
98377	Y	Y	Y	Randle
98385		Y	Y	South Prairie
98402	Y	Y		Downtown
98403	Y	Y		Stadium/St. Helens
98404	Y	Y		Eastside
98405	Y	Y		Hilltop/Central
98408	Y		Y	South End
98409	Y	Y		South Tacoma
98418	Y		Y	Lincoln/South End
98421	Y	Y	Y	Port
98439	Y	Y		McChord AFB
98444	Y	Y		Parkland
98445	Y		Y	Midland
98499	Y	Y		Lakewood
98520	Y	Y	Y	Aberdeen
98528	Y		Y	Belfair
98533		Y	Y	Cinebar
98546	Y	Y	Y	Grapeview
98548	Y	Y	Y	Hoodsport
98563	Y	Y	Y	Montesano
98564	Y	Y	Y	Mossyrock
98575	Y		Y	Quinault
98580	Y		Y	Roy
98582	Y		Y	Salkum
98584	Y		Y	Shelton
98591	Y		Y	Toledo
98592		Y	Y	Union
98925	Y		Y	Easton

Appendix C: Proposed Changes

Definition Update

- We are removing language that is no longer applicable/relevant
- The program boundaries will be changed from the City of Tacoma or Pierce County (57 “lived” zip codes) to the Tacoma Public Utilities Service Area, which is 88 zip codes in 6 counties.
- The Community Empowerment Zone will be changed to the Economically Distressed ZIP Codes, which will be economically distressed zip codes from within the TPU Service Area (~36 zip codes).

1.90.040 (A) Utilization Goals

- Moving from one “LEAP Goal” to two
 - Local Employment Goal
 - Apprentice Goal
- The Local Employment Goal, which will be set at 15%, can be met by Journeyman or Apprentices
- The Apprentice Goal will also be set at 15%
- You can meet both goals simultaneously by utilizing apprentices who reside in a Local Employment eligible ZIP code (City of Tacoma or Economically Distressed Area of TPU Service Area).
- Exemptions for both goals will be included for out-of-state labor, to be in-compliance with the Privileges and Immunities Clause of the US Constitution.

1.90.040 (B) Adjustments

- Removed completely

Appendix D: Performance Outcomes

Table 1. Performance Outcomes on Contracts

	City of Seattle	King County	Port of Seattle	Sound Transit	City of Tacoma
Apprentice Utilization	15.0	15.6	15.4	14.3	9.56
People of Color: Percent of Apprentice Hours	46.0	31.4	24.5	35.6	
People of Color: Percent of Journey Hours	22.0	15.5		28.4	
Women: Percent of Apprentice Hours	31.0	11.8	15.2	19.0	
Women: Percent of Journey Hours	8.0	3.2		7.5	
People of Color: percent of all workers	25.0	16.9	19.8	27.4	19.51
Women: percent of all workers	6.0	1.1	4.4	7.3	4.09
Preferred Entry as Percent of Apprentices	8.0	15.6			
Priority Hire ZIP Codes: Percent of WA hours	24.0				6.98

Table 2. Goals for Contracts

	City of Seattle	King County	Port of Seattle	Sound Transit	City of Tacoma
Apprentice Utilization	15	15	15	20 (15 on tunnel work)	
People of Color: Percent of Apprentice Hours	19 to 50	21	15	*33 combined	
People of Color: Percent of Journey Hours	16 to 21				
Women: Percent of Apprentice Hours	4 to 12	12	10	*33 combined	
Women: Percent of Journey Hours	3 to 4				
People of Color: percent of all workers		21		21	
Women: percent of all workers		12		12	
Preferred Entry as Percent of Apprentices	20				
Priority Hire ZIP Codes: Percent of WA hours	15 to 24				15

Appendix D: Performance Outcomes

Additional Information

City of Seattle

- Numbers are cumulative Nov. 2013 – Feb. 2017 on Priority Hire projects
 - Goals vary by project type – majority of projects are still under construction

King County

- Numbers are for 2014 – 2016

Port of Seattle

- Numbers are for 2014 – 2016

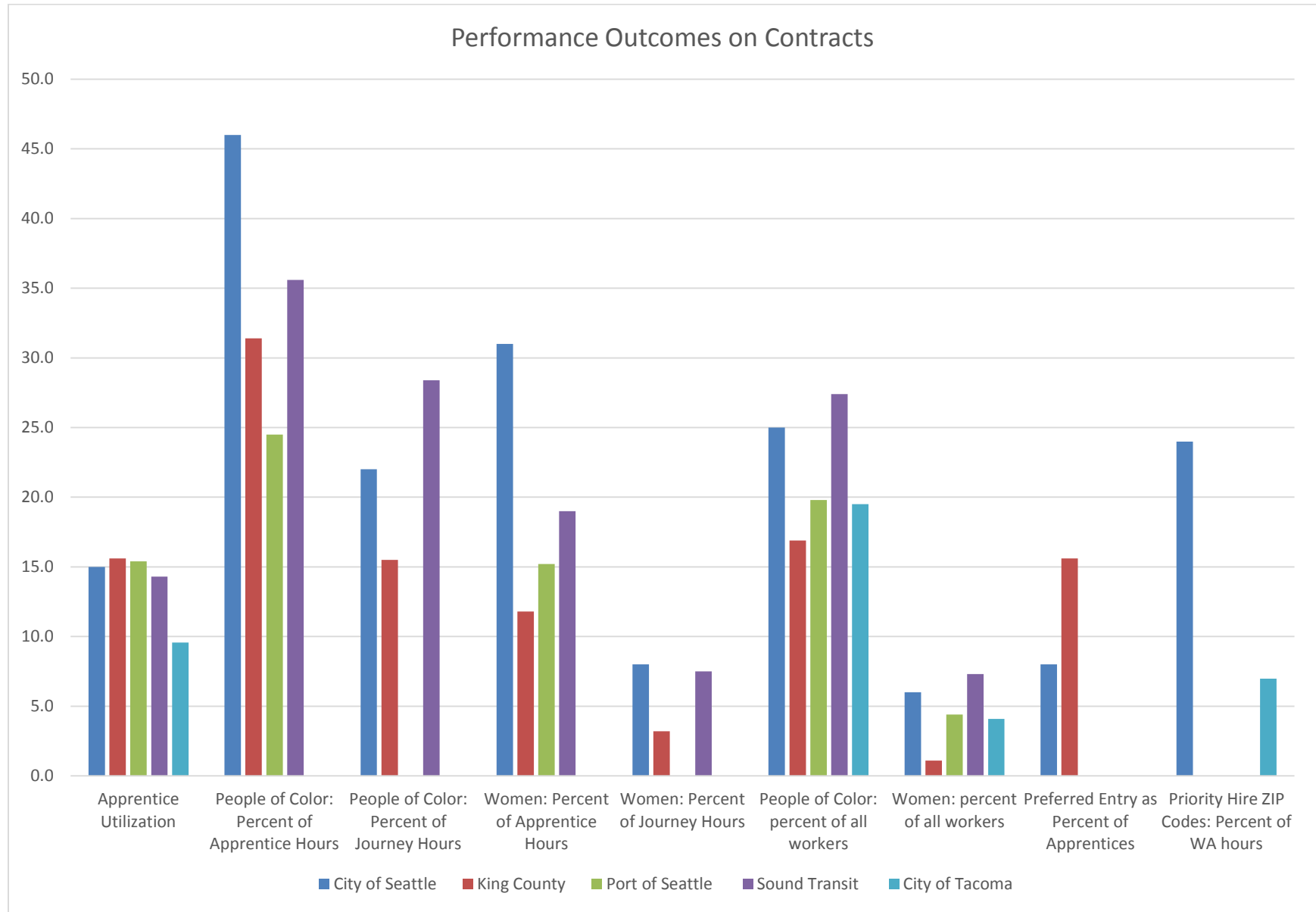
Sound Transit

- Goals are set by its PLA
 - *33% Combined goal includes subgoals of 21% people of color and 12% women

City of Tacoma

- Numbers are cumulative 2014 – 2016.
- Priority Hire ZIP Code is Community Empowerment Zone

Appendix D: Performance Outcomes



Appendix E: LEAP Success Count

LEAP Goal Annual Count					
Contract Year	Contracts	Total Labor	Leap Labor	Contract Success Count	Success Percentage
2003	19	705,169.39	84,676.51	6	12.01%
2004	23	357,491.69	118,544.66	15	33.16%
2005	36	501,589.81	111,534.10	18	22.24%
2006	27	321,997.02	54,223.05	14	16.84%
2007	20	299,792.69	37,253.98	10	12.43%
2008	29	491,120.96	93,832.61	18	19.11%
2009	31	234,779.41	63,424.01	16	27.01%
2010	26	420,570.34	64,251.39	12	15.28%
2011	25	135,575.40	18,362.45	9	13.54%
2012	34	267,400.49	50,573.90	12	18.91%
2013	32	212,049.10	33,205.81	14	15.66%
2014	38	287,889.91	43,179.20	20	15.00%
2015	23	220,759.90	53,080.28	14	24.04%
2016	21	51,052.43	4,198.50	8	8.22%
2017	20	81,984.78	9,891.75	9	12.07%
2018	3	3,250.83	10.50	0	0.32%

- Labor hours for contracts stay in the year in which the contract began.
 - Work for 2015 that is being performed in 2018 is reported in the 2015 year.
- Contract Success Count is the sum of contracts that met their LEAP Utilization Goal
- Success Percentage returns the LEAP Labor Hours divided by the Total Labor hours (this number should be no less than 15%)

Appendix F: Current Code

Chapter 1.90

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM

Sections:

- 1.90.010 Purpose.
- 1.90.020 Scope.
- 1.90.030 Definitions.
- 1.90.040 LEAP goals.
- 1.90.050 *Repealed*.
- 1.90.060 Effect of program on prime contractor/subcontractor relationship.
- 1.90.070 Apprentice utilization requirements – Bidding and contractual documents.
- 1.90.080 Enforcement.
- 1.90.090 Compliance with applicable law.
- 1.90.100 Review and reporting.
- 1.90.105 Authority
- 1.90.110 Interpretation.

1.90.010 Purpose.

The purpose of this Chapter is to establish a means of providing for the development of a trained and capable workforce possessing the skills necessary to fully participate in the construction trades.
(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.020 Scope.

The provisions of this Chapter shall apply to all Public Works or Improvements funded in whole or in part with City funds or funds which the City expends or administers in accordance with the terms of a grant.
(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.030 Definitions.

As used in this chapter, the following terms shall have the following meanings:

A. “Apprentice” shall mean a person enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

B. “Building Projects” shall mean all Public Works or Improvements having an Estimated Cost greater than \$750,000.00, and for which a building permit must be issued pursuant to Chapter 1 of the current edition of the state building code (Uniform Building Code).

C. “City” shall mean all divisions and departments of the City of Tacoma, and all affiliated agencies, provided, however, that the Tacoma Community Redevelopment Authority shall not be included within this definition.

D. “Civil Projects” shall mean all Public Works or Improvements that are not defined as a “Building Project,” provided that those projects having an Estimated Cost of less than \$250,000.00 shall not be included in this definition.

Appendix F: Current Code

E. “Community Empowerment Zone (“CEZ”) shall mean that portion of those census tracts which are situated within the City of Tacoma and designated by the State of Washington as entitled to receive tax incentives because of high levels of poverty and unemployment.

F. “Contractor or Service Provider” means a person, corporation, partnership, or joint venture entering into a contract with the City to construct a Public Work or Improvement.

G. “Director” shall mean the Director of Community and Economic Development, or the Director’s Designee.

H. “Electrical Utility” shall mean the Light Division of the Department of Public Utilities of the City of Tacoma, and shall include the electrical and telecommunications services of that Division.

I. “Estimated Cost” shall mean the anticipated cost of a Public Work or Improvement, as determined by the City, based upon the expected costs of materials, supplies, equipment, and labor, but excluding taxes and contingency funds.

J. “Estimated Labor Hours” shall mean the anticipated number of Labor Hours determined by the City to be necessary to construct a Public Work or Improvement and set forth in the specifications for the project, or as may be subsequently revised due to contract or project adjustment, or pursuant to an agreed upon change order.

K. “Existing Employee” shall mean an employee whom the Contractor or Service Provider can demonstrate was actively employed by the Contractor or Service Provider for at least 1000 hours in the calendar year prior to bid opening plus one month following bid opening, and who was performing work in the construction trades.

L. “Labor Hours” shall mean the actual number of hours worked by workers receiving an hourly wage who are employed on the site of a Public Work or Improvement, and who are subject to state or federal prevailing wage requirements. The term

“Labor Hours” shall include hours performed by workers employed by the Contractor or Service Provider and all Subcontractors, and shall include additional hours worked as a result of a contract or project adjustment or pursuant to an agreed upon change order. The term “Labor Hours” shall not include hours worked by workers who are not subject to the prevailing wage requirements set forth in either RCW 39.12 or the Davis-Bacon Act - 40 U.S.C. 276 (a).

M. “LEAP Program” or “Program” shall mean the City of Tacoma’s Local Employment and Apprenticeship Training Program, as described in this chapter.

N. “Pierce County Apprentice” shall mean any person, not defined as a Resident of the Community Empowerment Zone or

Resident of Tacoma, who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce County, who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature, and who is enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

O. “Pierce County Veteran” shall mean any person, not defined as a Resident of the Community Empowerment Zone, Tacoma

Youth, or Pierce County Youth, who served for any length of time in any military service branch and who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce

County, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

Appendix F: Current Code

P. “Pierce County Youth” shall mean any person, not defined as a Resident of the Community Empowerment Zone or Tacoma

Youth, between the ages of 18-24 who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce County, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

Q. “Project Engineer” shall mean the City employee who directly supervises the engineering or administration of a particular construction project subject to this chapter.

R. “Public Work or Improvement” shall have the same meaning as provided in Section 39.04.010 RCW, as that Section may now exist or hereafter be amended.

S. “Resident of the Community Empowerment Zone” (“CEZ Resident”) shall mean any person who continues to occupy a dwelling within the boundaries of the Community Empowerment Zone, has a present intent to continue residency within the boundaries of the Community Empowerment Zone, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature; provided, however, that an individual initially certified as a CEZ Resident shall retain such certification status for a period of up to 2 years or 1,000 Labor Hours worked from the date of initial certification, whichever is less, and such certification shall be recognized for any Civil Project,

Building Project, or Service Contract covered by this chapter for said certification period. For example, if an individual initially certified as a CEZ Resident on January 1 of calendar year 1 on project A works 900 hours in that calendar year on

project A, and is thereafter hired to work 700 hours in year 2 on project B, the individual will retain his or her CEZ status for all hours worked on project B; provided, if the individual commences work on project C after he or she has worked 100 or more hours on project B in year 2, and is no longer a CEZ Resident, the Contractor for project C will not be eligible to count the hours worked by said individual as hours worked by a CEZ resident.

T. “Resident of Tacoma” shall mean any person, not defined as a Resident of the Community Empowerment Zone, who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

U. “Resident of Tacoma Power Hydro Project Areas” shall mean any person who continues to occupy a dwelling within the boundaries of the Cowlitz, Cushman, Wynoochee, and Nisqually Hydroelectric projects which are located in Lewis, Mason,

Grays Harbor, Pierce, and Thurston counties; has a present intent to continue residency within the boundaries of the Tacoma Power Hydro Project Areas; and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

V. “Seattle’s (City of) Duwamish and White Center Community Empowerment Zone” (“CEZ”) shall mean that portion of those census tracts which are situated within the City of Seattle and designated by the state of Washington as entitled to receive tax incentives because of the high levels of poverty and unemployment. See Figure 1.

W. “Service Area - Electrical” or “Electrical Service Area” shall mean that area served with retail sales by the Electrical

Utility of the City of Tacoma at the time a bid is published by the Electrical Utility for a Public Work or Improvement to be performed primarily for the Electrical Utility.

X. “Service Area - Water” or “Water Service Area” shall mean that area served with retail sales by the water utility of the City of Tacoma at the time a bid is published by the water utility for a Public Work or Improvement to be performed primarily for the water utility.

Y. “Service Contract” shall mean all City contracts relating to a Public Work or Improvement which utilize labor at a City site and which are not within the exceptions to nor defined as “Building Projects” or “Civil Projects.”

Appendix F: Current Code

Z. “Subcontractor” means a person, corporation, partnership, or joint venture that has contracted with the Contractor or Service Provider to perform all or part of the work to construct a Public Work or Improvement by a Contractor.

AA. “Tacoma Apprentice” shall mean any person who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City of Tacoma, who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature, and who is enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

BB. “Tacoma Power Hydro Project Areas” shall mean those areas within the boundaries of the Cowlitz, Cushman, Wynoochee, and Nisqually Hydroelectric projects, which are located in Lewis, Mason, Grays Harbor, Pierce, and Thurston counties.

CC. “Tacoma Veteran” shall mean any person, not defined as a Resident of the Community Empowerment Zone or Tacoma Youth, who served for any length of time in any military service branch and who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

DD. “Tacoma Water’s Green River Headworks and Watershed Area” shall mean that area in King County that is served with retail sales by the water utility of the City of Tacoma at the time a bid is published by the water utility for a public work or improvement to be performed primarily for the water utility.” See Figure 2.

EE. “Tacoma Youth Resident” shall mean any person, not defined as a Resident of the Community Empowerment Zone, between the ages of 18-24 who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

(Ord. 28147 Ex. B; passed May 7, 2013: Ord. 28110 Ex. C; passed Dec. 4, 2012: Ord. 27815 Ex. A; passed Jun. 30, 2009: Ord. 27368 § 1; passed Jun. 21, 2005: Ord. 26698 § 1; passed Sept. 12, 2000: Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.040 LEAP goals.

A. Utilization Goals.

1. All Contractors constructing Civil Projects or Building Projects, and all Service Providers involved with the construction of a Public Work or Improvement, shall ensure that the lesser of at least 15 percent of the total Labor Hours actually worked on the Project, or 15 percent of the Estimated Labor Hours, are performed by persons having their residence within the boundaries of the City of Tacoma, whether or not an Apprentice, or by Apprentices who are residents of Pierce County, unless as adjusted per subsection B below.

2. Twenty-five percent (25%) of the Labor Hours or Estimated Labor Hours identified as the LEAP Utilization Goal above shall have work performed by a CEZ Resident; provided, however, that the Utilization Goal Estimated Labor Hours are subject to adjustment as provided in subsection B below.

Appendix F: Current Code

3. If the Project is located within the Tacoma Power Hydro Project Areas, then 25 percent of the Labor Hours or Estimated

Labor Hours identified as the LEAP Utilization Goal above in subsection A.1 or A.2 may be work performed by a Resident of the Tacoma Power Hydro Project Areas in which the Building Project, Civil Project, or Service Contract is located; provided however, that the Utilization Goal Estimated Labor Hours are subject to adjustment as provided in this section.

4. If the Project is within the Tacoma Water Green River Headworks and Watershed Area, then the 25 percent requirement of the Labor Hours or Estimated Labor Hours identified in subsection A.1 or A.2 above as the LEAP Utilization Goal may be work performed by Apprentices who reside in King County or by a Resident of the Duwamish and White Center CEZ or of Tacoma Water Green River Headworks and Watershed Area in which the Building Project, Civil Project, or Service Contract is located; provided however, that the Utilization Goal Estimated Labor Hours are subject to adjustment as provided in this section.

5. All Contractors and Service Providers shall submit a LEAP Utilization Plan as provided for in the regulations adopted under this chapter, and shall meet with the LEAP Coordinator to review said Plan prior to being issued a Notice to Proceed.

Failure to submit a LEAP Utilization Plan may be grounds for the City to withhold remittance of a progress payment until such Plan is received from the responsible Contractor or Provider. A meeting with the LEAP Coordinator prior to issuance of a Notice to Proceed shall be excused only when the LEAP Coordinator is unavailable to meet prior to the scheduled date for issuance of the Notice to Proceed and the Contractor and the LEAP Coordinator have otherwise scheduled a meeting for the coordinator to review the Contractor's or Provider's plan.

The Contractor or Service Provider shall be responsible for meeting the LEAP utilization goal requirements of the contract, including all amendments and change orders thereto, and shall be responsible for overall compliance for all hours worked by Subcontractors. To the extent possible, the Contractor or Service Provider shall recruit Apprentices from multiple trades or crafts.

B. Adjustments.

Contractors and Service Providers may achieve compliance with their LEAP Utilization Goal obligation through any combination of the following:

1. The number of hours worked by a Resident of the CEZ or Seattle's Duwamish and White Center CEZ shall be multiplied by two;

2. The number of hours worked by a Tacoma Youth, Tacoma Veteran or Tacoma Apprentice shall be multiplied by 1.5;

3. The number of hours worked by a Resident of Tacoma, Pierce County Youth, Pierce County Veteran or a Pierce or King County Apprentice shall be multiplied by 1;

4. The number of hours worked by a Tacoma Power Hydro Project Areas Resident shall be multiplied by 1.

5. Should the Contractor or Service Provider be unable to satisfy the sub-utilization goal requirement that 25 percent of the utilization goal hours be worked by CEZ Residents, the Contractor or Service Provider shall cure such deficiency by achieving a 2-for-1 ratio of hours worked by a Pierce County Apprentice, Pierce County Youth, Pierce County Veteran, Tacoma Power

Hydro Project Areas Resident, or Resident of Tacoma for every unmet CEZ Resident labor hour until the CEZ deficiency is met. For example, if a Contractor has a total LEAP utilization goal of 20 hours, but is only able to achieve 4 of the 5 sub goal labor hours, then the Contractor must achieve a total of 17 non-CEZ Resident labor hours to satisfy the deficiency (15 non-sub goal hours plus 2 labor hours for the 1 missed sub goal hour).

Appendix F: Current Code

6. For projects in the Tacoma Water Green River Headworks and Watershed Area, should the Contractor or Service Provider be unable to satisfy the subutilization goal requirement that 25 percent of the utilization goal hours be worked by CEZ

Residents, the Contractor or Service Provider shall cure such deficiency by achieving a 2-for-1 ratio of hours worked by a

King County Apprentice or Duwamish and White Center CEZ resident for every unmet CEZ Resident labor hour until the deficiency is met.

C. Failure to Meet Utilization Goal.

1. Contracts for the construction of Building projects or Civil projects and Service Contracts shall provide that Contractors or

Service Providers failing to meet the LEAP utilization goals shall be assessed an amount for each hour that is not achieved.

The amount per hour shall be based on the extent the Contractor or Service Provider met its goal. The amount per hour that shall be assessed shall be as follows:

Percent of Goal Met	Assessment per unmet hour
100%	\$ 0.00
90% - 99%	\$ 2.00
75% to 89%	\$ 3.50
50% to 74%	\$ 5.00
1% to 49%	\$ 7.50
0%	\$10.00

When determining the percent of goal that is met, all rounding shall be down to the nearest whole percent. No penalty shall be waived by the City unless it is determined by the Director to be in the best interests of the City, which determination shall be made after consultation with the LEAP Coordinator.

2. Deposit of Assessments. All assessments imposed pursuant to this section shall be deposited into a separate account and utilized to support the City's pre-apprenticeship and training program. The policies and regulations adopted by the City

Manager and Director of Utilities pursuant to this chapter shall address issues pertaining to a Contractor's existing workforce.

Contributions need not be made for Labor Hours that have been adjusted in accordance with Section 1.90.040(E).

D. LEAP Reports. Notwithstanding the provisions of TMC 1.90.100, the Director shall, not less than annually, publish a

LEAP report setting forth Contractor compliance with this chapter. Said report shall include information on all contracts and all Contractors to which this chapter applies, and shall detail the level and nature of LEAP participation by contract and by

Contractor, The Director's LEAP report may include such other information as may be helpful to assuring fair and accurate representation of the contracts, Contractors or projects covered in the report. The Director's LEAP reports may be considered by the Board of Contracts and Awards in its determinations as to bidder responsibility.

E. LEAP Goal Adjustments.

Appendix F: Current Code

1. LEAP utilization goals may be adjusted prior to bid opening and/or as a result of a contract amendment or change order on a Building Project, Civil Project, or Service Contract.

a. If LEAP utilization goals are adjusted prior to bid opening, they shall be set forth in the bid or Request For Proposal advertisement and specification documents or in an addendum timely provided to prospective bidders, provided that such adjustment shall be based upon a finding by the Project Engineer that the reasonable and necessary requirements of the contract render LEAP utilization unfeasible at the required levels. The Director shall concur with the Project Engineer's finding, provided that should the Project Engineer and the Director fail to reach agreement on the Project Engineer's finding, then in that circumstance the matter shall be referred to the City Manager or the Director of Utilities, as appropriate, for ultimate resolution. Notwithstanding any other provision of this chapter to the contrary, the decision of the City Manager or the Director of Utilities with regard to LEAP goal adjustment may not be appealed.

b. If LEAP utilization goals are adjusted due to contract amendment or change order, the amount of adjustment shall be consistent with the utilization goals set forth in this chapter and shall be determined pursuant to regulations adopted pursuant to this chapter for administration of LEAP utilization goal adjustments.

2. The methodology of determining the appropriate adjustments to LEAP utilization goals shall be determined in consultation with the LEAP Advisory Committee, established pursuant to this ordinance for so long as the LEAP Advisory Committee remains in existence.

3. LEAP utilization goals shall not apply to those portions of a project that are funded by sources other than (a) City funds, or (b) funds which the City expends or administers in accordance with the terms of a grant to the City, provided that the Project Engineer shall notify the Director of such non-application prior to bid advertisement. For the purposes of this paragraph, credits extended by another entity for the purpose of providing project funding shall not be considered to be City funds.

F. Utilization - Electrical Projects Outside Electrical Service Area. Civil Projects or Building Projects that are constructed primarily for the benefit or use by the City's Electrical Utility, which are wholly situated outside the Electrical Service Area, and for which the estimated cost is less than \$1,000,000.00, are exempt from the requirements of this chapter.

G. Utilization - Water Projects Outside Water Service Area. Civil Projects or Building Projects that are constructed primarily for the benefit or use by the City's water utility, which are wholly situated outside the Water Service Area, and for which the estimated cost is less than \$1,000,000.00 are exempt from the requirements of this chapter.

H. Emergency. This chapter shall not apply in the event of an Emergency. For the purposes of this section, an "Emergency" means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

Appendix F: Current Code

I. Conflict with State or Federal Requirements. If any part of this chapter is found to be in conflict with federal or state requirements which are a prescribed condition to the allocation of federal or state funds to the City, then the conflicting part of this chapter is inoperative solely to the extent of the conflict and with respect to the City departments directly affected. This provision does not affect the operation of the remainder of this chapter. Administrative rules or regulations adopted under this chapter shall meet federal and state requirements which are a necessary condition to the receipt of federal or state funds by the City.

(Ord. 28147 Ex. B; passed May 7, 2013; Ord. 27815 Ex. A; passed Jun. 30, 2009; Ord. 27368 § 2; passed Jun. 21, 2005; Ord. 26992 § 1; passed Oct. 15, 2002; Ord. 26698 § 2; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.050 Good faith efforts. *Repealed by Ord. 27368.*

(Ord. 27368 § 3; passed Jun. 21, 2005; Ord. 26698 § 3; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.060 Effect of program on prime contractor/service provider - subcontractor relationship.

The LEAP Program shall not be construed so as to modify or interfere with any relationship between any Contractor or Service Provider and Subcontractor. The LEAP Program shall not grant the City any authority to control the manner or method of accomplishing any construction work that is additional to any authority retained by the City in a Public Works contract.

(Ord. 26698 § 4; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.070 Apprentice utilization requirements – Bidding and contractual documents.

All packages of bid documents for every Building Project and every Civil Project shall incorporate provisions satisfactory to the City Attorney so as to allow enforcement of the provisions contained in this Chapter. Such contractual provisions may include liquidated damages, calculated to reimburse the City for the Contractor's breach of these performance requirements, which shall be published with the City's call for bids.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.080 Enforcement.

A. The Director shall review the Contractor's or Service Provider's and all Subcontractor's employment practices during the performance of the work for compliance with LEAP Program requirements. On-site visits may be conducted as necessary to verify compliance with the requirements of the LEAP Program. The Contractor, Service Provider, or Subcontractors shall not deny to the City the right to interview its employees, provided that the Director shall make reasonable efforts to coordinate employee interviews with employers.

B. Any knowing failure or refusal to cooperate in compliance monitoring may disqualify the defaulting Contractor, Service Provider, or Subcontractor from eligibility for other City contracts.

C. The making of any material misrepresentation may disqualify the defaulting Contractor, Service Provider, or Subcontractor from eligibility for other City contracts.

D. Any action by the City, its officers and employees, under the provisions of this Chapter may be reviewed by the Board of Contracts and Awards, upon written application of the party so affected. Application shall be made within twenty (20) days of the date of the action upon which the appeal is

Appendix F: Current Code

based, and provided to the City by certified mail or by personal service. Any action taken by the Board of Contracts and Awards may be appealed to the City Council or Public Utility Board, as appropriate, and thereafter if desired, to the Superior Court of Pierce County, Washington, within fifteen (15) days of the previous decision.

(Ord. 26698 § 5; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.090 Compliance with applicable law.

Nothing in this Chapter shall excuse a Prime Contractor, Service Provider, or Subcontractor from complying with all relevant federal, state, and local laws.

(Ord. 26698 § 6; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.100 Review and reporting.

The City Manager and Director of Utilities shall review the Program on or before January 1, 2000, and every two (2) years thereafter, and shall report to the City Council and Public Utility Board the Manager's and Director's findings, conclusions, and recommendations as to the continued need for the Program, and any revisions thereto that should be considered by the Council and Board.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.105 Authority.

The City Manager and the Director of Utilities shall have authority to jointly adopt policies and regulations consistent with this chapter to implement the LEAP program.

(Ord. 26698 § 7; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.110 Interpretation.

This Chapter shall not be interpreted or construed so as to conflict with any state or federal law, nor shall this Chapter be enforced such that enforcement results in the violation of any applicable judicial order.

(Ord. 26301 § 1; passed Oct. 6, 1998)

Appendix G: Proposed Changes w/ Strikethrough

Chapter 1.90

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM

Sections:

- 1.90.010 Purpose.
- 1.90.020 Scope.
- 1.90.030 Definitions.
- 1.90.040 LEAP goals.
- 1.90.050 *Repealed.*
- 1.90.060 Effect of program on prime contractor/subcontractor relationship.
- 1.90.070 Apprentice utilization requirements – Bidding and contractual documents.
- 1.90.080 Enforcement.
- 1.90.090 Compliance with applicable law.
- 1.90.100 Review and reporting.
- 1.90.105 Authority
- 1.90.110 Interpretation.

1.90.010 Purpose.

The purpose of this Chapter is to establish a means of providing for the development of a trained and capable workforce possessing the skills necessary to fully participate in the construction trades.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.020 Scope.

The provisions of this Chapter shall apply to all Public Works or Improvements funded in whole or in part with City funds or funds which the City expends or administers in accordance with the terms of a grant.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.030 Definitions.

As used in this chapter, the following terms shall have the following meanings:

A. “Apprentice” shall mean a person enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

B. “Building Projects” shall mean all Public Works or Improvements having an Estimated Cost greater than \$750,000.00, and for which a building permit must be issued pursuant to Chapter 1 of the current edition of the state building code (Uniform Building Code).

C. “City” shall mean all divisions and departments of the City of Tacoma, and all affiliated agencies, provided, however, that the Tacoma Community Redevelopment Authority shall not be included within this definition.

D. “Civil Projects” shall mean all Public Works or Improvements that are not defined as a “Building Project,” provided that those projects having an Estimated Cost of less than \$250,000.00 shall not be included in this definition.

E. ~~“Community Empowerment Zone (“CEZ”) shall mean that portion of those census tracts which are situated within the City of Tacoma and designated by the State of Washington as entitled to receive tax incentives because of high levels of poverty and unemployment.~~

F. “Contractor or Service Provider” means a person, corporation, partnership, or joint venture entering into a contract with the City to construct a Public Work or Improvement.

~~G~~F. “Director” shall mean the Director of Community and Economic Development, or the Director’s Designee.

Appendix G: Proposed Changes w/ Strikethrough

G. “Economically Distressed ZIP Codes” shall mean ZIP codes in the Tacoma Public Utilities Service Area that meet two out of three (2/3) of the thresholds of:

1. High concentrations of residents living under 200% of the federal poverty line in terms of persons per acre (69th percentile)
2. High concentrations of unemployed people in terms of persons per acre (45th percentile)
3. High concentrations of people 25 years or older without a college degree in terms of persons per acre (75th percentile)

Said thresholds shall be updated within 30 days following any Prevailing Wage updates issued by the Washington State Labor and Industry. All updates are to be published on the first business day in August and in February of each calendar year.

H. “Electrical Utility” and “Water Utility” shall mean, respectively, the Light Division of the Department of Public Utilities of the City of Tacoma, and shall include the electrical and telecommunications services of that Division, and the Water Division of the Department of Public Utilities of the City of Tacoma.

I. “Estimated Cost” shall mean the anticipated cost of a Public Work or Improvement, as determined by the City, based upon the expected costs of materials, supplies, equipment, and labor, but excluding taxes and contingency funds.

J. “Estimated Labor Hours” shall mean the anticipated number of Labor Hours determined by the City to be necessary to construct a Public Work or Improvement and set forth in the specifications for the project, or as may be subsequently revised due to contract or project adjustment, or pursuant to an agreed upon change order.

K. “Existing Employee” shall mean an employee whom the Contractor or Service Provider can demonstrate was actively employed by the Contractor or Service Provider for at least 1000 hours in the calendar year prior to bid opening plus one month following bid opening, and who was performing work in the construction trades.

L. “Labor Hours” shall mean the actual number of hours worked by workers receiving an hourly wage who are employed on the site of a Public Work or Improvement, and who are subject to state or federal prevailing wage requirements. The term “Labor Hours” shall include hours performed by workers employed by the Contractor or Service Provider and all Subcontractors, and shall include additional hours worked as a result of a contract or project adjustment or pursuant to an agreed upon change order. The term “Labor Hours” shall not include hours worked by workers who are not subject to the prevailing wage requirements set forth in either RCW 39.12 or the Davis-Bacon Act - 40 U.S.C. 276 (a).

M. “LEAP Coordinator” shall mean the City of Tacoma staff member who administers LEAP.

~~MN.~~ “LEAP Program” or “Program” shall mean the City of Tacoma’s Local Employment and Apprenticeship Training Program, as described in this chapter.

~~N.~~ “Pierce County Apprentice” shall mean any person, not defined as a Resident of the Community Empowerment Zone or Resident of Tacoma, who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce County, who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature, and who is enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

~~O.~~ “Pierce County Veteran” shall mean any person, not defined as a Resident of the Community Empowerment Zone, Tacoma Youth, or Pierce County Youth, who served for any length of time in any military service branch and who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce County, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

“LEAP Regulations” or “Regulations” shall mean the rules and practices established in this document.

Appendix G: Proposed Changes w/ Strikethrough

P. ~~“Pierce County Youth” shall mean any person, not defined as a Resident of the Community Empowerment Zone or Tacoma Youth, between the ages of 18-24 who continues to occupy a dwelling within the boundaries of Pierce County, has a present intent to continue residency within the boundaries of Pierce County, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.~~

“LEAP Utilization Plan” shall mean the document submitted by the Contractor to the LEAP Coordinator which outlines how the associated goals will be met on the project.

Q. “Priority Hire Resident” shall mean any resident within the Economically Distressed ZIP Codes.

R. “Project Engineer” shall mean the City employee who directly supervises the engineering or administration of a particular construction project subject to this chapter.

S. “Public Work or Improvement” shall have the same meaning as provided in Section 39.04.010 RCW, as that Section may now exist or hereafter be amended.

S. ~~“Resident of the Community Empowerment Zone” (“CEZ Resident”) shall mean any person who continues to occupy a dwelling within the boundaries of the Community Empowerment Zone, has a present intent to continue residency within the boundaries of the Community Empowerment Zone, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature; provided, however, that an individual initially certified as a CEZ Resident shall retain such certification status for a period of up to 2 years or 1,000 Labor Hours worked from the date of initial certification, whichever is less, and such certification shall be recognized for any Civil Project, Building Project, or Service Contract covered by this chapter for said certification period. For example, if an individual initially certified as a CEZ Resident on January 1 of calendar year 1 on project A works 900 hours in that calendar year on project A, and is thereafter hired to work 700 hours in year 2 on project B, the individual will retain his or her CEZ status for all hours worked on project B; provided, if the individual commences work on project C after he or she has worked 100 or more hours on project B in year 2, and is no longer a CEZ Resident, the Contractor for project C will not be eligible to count the hours worked by said individual as hours worked by a CEZ resident.~~

T. “Resident of Tacoma” shall mean any person, not defined as a Resident of the Community Empowerment Zone, who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

U. ~~“Resident of Tacoma Power Hydro Project Areas” shall mean any person who continues to occupy a dwelling within the boundaries of the Cowlitz, Cushman, Wynoochee, and Nisqually Hydroelectric projects which are located in Lewis, Mason, Grays Harbor, Pierce, and Thurston counties; has a present intent to continue residency within the boundaries of the Tacoma Power Hydro Project Areas; and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.~~

V. ~~“Seattle’s (City of) Duwamish and White Center Community Empowerment Zone” (“CEZ”) shall mean that portion of those census tracts which are situated within the City of Seattle and designated by the state of Washington as entitled to receive tax incentives because of the high levels of poverty and unemployment. See Figure 1.~~

W. “Service Area - Electrical” or “Electrical Service Area” shall mean that area served with retail sales by the Electrical Utility of the City of Tacoma at the time a bid is published by the Electrical Utility for a Public Work or Improvement to be performed primarily for the Electrical Utility.

~~XV.~~ “Service Area - Water” or “Water Service Area” shall mean that area served with retail sales by the ~~Water~~ Utility of the City of Tacoma at the time a bid is published by the water utility for a Public Work or Improvement to be performed primarily for the ~~Water~~ Utility.

~~YW.~~ “Service Contract” shall mean all City contracts relating to a Public Work or Improvement which utilize labor at a City site and which are not within the exceptions to nor defined as “Building Projects” or “Civil Projects.”

Appendix G: Proposed Changes w/ Strikethrough

~~ZZ. “Subcontractor” means a person, corporation, partnership, or joint venture that has contracted with the Contractor or Service Provider to perform all or part of the work to construct a Public Work or Improvement by a Contractor.~~

~~Y. “Tacoma Public Utilities Service Area” shall mean every zip code listed by Tacoma Public Utilities as an area that either receives services or maintains infrastructure to provide services.~~

~~AA. “Tacoma Apprentice” shall mean any person who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City of Tacoma, who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature, and who is enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.~~

~~BB. “Tacoma Power Hydro Project Areas ” shall mean those areas within the boundaries of the Cowlitz, Cushman, Wynoochee, and Nisqually Hydroelectric projects, which are located in Lewis, Mason, Grays Harbor, Pierce, and Thurston counties.~~

~~CC. “Tacoma Veteran” shall mean any person, not defined as a Resident of the Community Empowerment Zone or Tacoma Youth, who served for any length of time in any military service branch and who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.~~

~~DD. “Tacoma Water’s Green River Headworks and Watershed Area” shall mean that area in King County that is served with retail sales by the water utility of the City of Tacoma at the time a bid is published by the water utility for a public work or improvement to be performed primarily for the water utility.” See Figure 2.~~

~~EE. “Tacoma Youth Resident” shall mean any person, not defined as a Resident of the Community Empowerment Zone, between the ages of 18-24 who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.~~

Z. Washington State Labor and Industry Prevailing Wage shall mean the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established, by the Department of Labor & Industries, for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

(Ord. 28147 Ex. B; passed May 7, 2013; Ord. 28110 Ex. C; passed Dec. 4, 2012; Ord. 27815 Ex. A; passed Jun. 30, 2009; Ord. 27368 § 1; passed Jun. 21, 2005; Ord. 26698 § 1; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.040 LEAP goals.

A. Utilization Goals.

1. All Contractors constructing Civil Projects or Building Projects, and all Service Providers involved with the construction of a Public Work or Improvement, shall ensure that ~~the lesser of~~ at least 15 percent of the total Labor Hours actually worked on the Project, ~~or 15 percent of the Estimated Labor Hours~~, are performed by persons having their residence within the boundaries of the City of Tacoma or Economically Distressed ZIP Codes, whether or not any such person is an Apprentice, ~~or by Apprentices who are residents of Pierce County, unless as adjusted per subsection B below.~~

a. The thresholds for this section shall be \$250,000.00 for Civil Projects and \$750,000.00 for Building Projects.

2. ~~Twenty-five percent (25%) of the Labor Hours or Estimated Labor Hours identified as the LEAP Utilization Goal above shall have work performed by a CEZ Resident; provided, however, that the Utilization Goal Estimated Labor Hours are subject to adjustment as provided in subsection B below.~~

Appendix G: Proposed Changes w/ Strikethrough

Fifteen percent (15%) of the Total Labor Hours on contracts above one-million dollars (\$1,000,000.00) shall have work performed by Apprentices who are residents of the Tacoma Public Utilities Service Area consistent with RCW 39.04.320(1)(a), subject to waiver based on exceptions as specified in RCW 39.04.320(2)(a), (b), and (c).

~~3. If the Project is located within the Tacoma Power Hydro Project Areas, then 25 percent of the Labor Hours or Estimated Labor Hours identified as the LEAP Utilization Goal above in subsection A.1 or A.2 may be work performed by a Resident of the Tacoma Power Hydro Project Areas in which the Building Project, Civil Project, or Service Contract is located; provided however, that the Utilization Goal Estimated Labor Hours are subject to adjustment as provided in this section.~~

Labor Hours performed by non-residents of the State of Washington will be deducted from a project's total Labor Hours for purposes of determining compliance with the requirements of this chapter.

~~4. If the Project is within the Tacoma Water Green River Headworks and Watershed Area, then the 25 percent requirement of the Labor Hours or Estimated Labor Hours identified in subsection A.1 or A.2 above as the LEAP Utilization Goal may be work performed by Apprentices who reside in King County or by a Resident of the Duwamish and White Center CEZ or of Tacoma Water Green River Headworks and Watershed Area in which the Building Project, Civil Project, or Service Contract is located; provided however, that the Utilization Goal Estimated Labor Hours are subject to adjustment as provided in this section.~~

5. All Contractors and Service Providers shall submit a LEAP Utilization Plan as provided for in the regulations adopted under this chapter, and shall meet with the LEAP Coordinator to review said Plan prior to being issued a Notice to Proceed. Failure to submit a LEAP Utilization Plan may be grounds for the City to withhold remittance of a progress payment until such Plan is received from the responsible Contractor or Provider. A meeting with the LEAP Coordinator prior to issuance of a Notice to Proceed shall be excused only when the LEAP Coordinator is unavailable to meet prior to the scheduled date for issuance of the Notice to Proceed and the Contractor and the LEAP Coordinator have otherwise scheduled a meeting for the coordinator to review the Contractor's or Provider's plan.

The Contractor or Service Provider shall be responsible for meeting the LEAP utilization goal requirements of the contract, including all amendments and change orders thereto, and shall be responsible for overall compliance for all hours worked by Subcontractors. To the extent possible, the Contractor or Service Provider shall recruit Apprentices from multiple trades or crafts.

B. Adjustments:

~~Contractors and Service Providers may achieve compliance with their LEAP Utilization Goal obligation through any combination of the following:~~

~~1. The number of hours worked by a Resident of the CEZ or Seattle's Duwamish and White Center CEZ shall be multiplied by two;~~

~~2. The number of hours worked by a Tacoma Youth, Tacoma Veteran or Tacoma Apprentice shall be multiplied by 1.5;~~

~~3. The number of hours worked by a Resident of Tacoma, Pierce County Youth, Pierce County Veteran or a Pierce or King County Apprentice shall be multiplied by 1;~~

~~4. The number of hours worked by a Tacoma Power Hydro Project Areas Resident shall be multiplied by 1.~~

5. Should the Contractor or Service Provider be unable to satisfy the sub-utilization goal requirement that 25 percent of the utilization goal hours be worked by CEZ Residents, the Contractor or Service Provider shall cure such deficiency by achieving a 2-for-1 ratio of hours worked by a Pierce County Apprentice, Pierce County Youth, Pierce County Veteran, Tacoma Power Hydro Project Areas Resident, or Resident of Tacoma for every unmet CEZ Resident labor hour until the CEZ deficiency is met. For example, if a Contractor has a total LEAP utilization goal of 20 hours, but is only able to achieve 4 of the 5 sub-goal labor hours, then the Contractor must achieve a total of 17 non-CEZ Resident labor hours to satisfy the deficiency (15 non-sub-goal hours plus 2 labor hours for the 1 missed sub-goal hour).

Appendix G: Proposed Changes w/ Strikethrough

~~6. For projects in the Tacoma Water Green River Headworks and Watershed Area, should the Contractor or Service Provider be unable to satisfy the subutilization goal requirement that 25 percent of the utilization goal hours be worked by CEZ Residents, the Contractor or Service Provider shall cure such deficiency by achieving a 2 for 1 ratio of hours worked by a King County Apprentice or Duwamish and White Center CEZ resident for every unmet CEZ Resident labor hour until the deficiency is met.~~

~~C.~~ Failure to Meet Utilization Goal.

1. Contracts for the construction of Building projects or Civil ~~p~~Projects and Service Contracts shall provide that Contractors or Service Providers failing to meet the LEAP utilization goals shall be assessed an amount for each hour that is not achieved. The amount per hour shall be based on the extent the Contractor or Service Provider met its goal. The amount per hour that shall be assessed shall be as follows:

Percent of Goal Met	Assessment per unmet hour
100%	\$ 0.00
90% - 99%	\$ 2.00
75% to 89%	\$ 3.50
50% to 74%	\$ 5.00
1% to 49%	\$ 7.50
0%	\$10.00

When determining the percent of goal that is met, all rounding shall be down to the nearest whole percent. No penalty shall be waived by the City unless it is determined by the Director to be in the best interests of the City, which determination shall be made after consultation with the LEAP Coordinator.

2. Deposit of Assessments. All assessments imposed pursuant to this section shall be deposited into a separate account and utilized to support the City's pre-apprenticeship and training program. The policies and regulations adopted by the City Manager and Director of Utilities pursuant to this chapter shall address issues pertaining to a Contractor's existing workforce. Contributions need not be made for Labor Hours that have been adjusted in accordance with Section 1.90.040(E).

~~D.~~ LEAP Reports. Notwithstanding the provisions of TMC 1.90.100, the Director shall, not less than annually, publish a LEAP report setting forth Contractor compliance with this chapter. Said report shall include information on all contracts and all Contractors to which this chapter applies, and shall detail the level and nature of LEAP participation by contract and by Contractor. The Director's LEAP report may include such other information as may be helpful to assuring fair and accurate representation of the contracts, Contractors or projects covered in the report. The Director's LEAP reports may be considered by the Board of Contracts and Awards in its determinations as to bidder responsibility.

~~E.~~ LEAP Goal Adjustments.

1. LEAP utilization goals may be adjusted prior to bid opening and/or as a result of a contract amendment or change order on a Building Project, Civil Project, or Service Contract.

a. If LEAP utilization goals are adjusted prior to bid opening, they shall be set forth in the bid or Request For Proposal advertisement and specification documents or in an addendum timely provided to prospective bidders, provided that such adjustment shall be based upon a finding by the Project Engineer that the reasonable and necessary requirements of the contract render LEAP utilization unfeasible at the required levels. The Director shall concur with the Project Engineer's finding, provided that should the Project Engineer and the Director fail to reach agreement on the Project Engineer's finding, then in that circumstance the matter shall be referred to the City Manager or the Director of Utilities, as appropriate, for ultimate resolution. Notwithstanding any other provision of

Appendix G: Proposed Changes w/ Strikethrough

this chapter to the contrary, the decision of the City Manager or the Director of Utilities with regard to LEAP goal adjustment may not be appealed.

b. If LEAP utilization goals are adjusted due to contract amendment or change order, the amount of adjustment shall be consistent with the utilization goals set forth in this chapter and shall be determined pursuant to regulations adopted pursuant to this chapter for administration of LEAP utilization goal adjustments.

2. The methodology of determining the appropriate adjustments to LEAP utilization goals shall be determined in consultation with the LEAP Advisory Committee, established pursuant to this ordinance for so long as the LEAP Advisory Committee remains in existence.

3. LEAP utilization goals shall not apply to those portions of a project that are funded by sources other than (a) City funds, or (b) funds which the City expends or administers in accordance with the terms of a grant to the City, provided that the Project Engineer shall notify the Director of such non-application prior to bid advertisement. For the purposes of this paragraph, credits extended by another entity for the purpose of providing project funding shall not be considered to be City funds.

~~FE.~~ Utilization - Electrical Projects Outside Electrical Service Area. Civil Projects or Building Projects that are constructed primarily for the benefit or use by the City's Electrical Utility, which are wholly situated outside the Electrical Service Area, and for which the estimated cost is less than \$1,000,000.00, are exempt from the requirements of this chapter.

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H. Emergency. This chapter shall not apply in the event of an Emergency. For the purposes of this section, an "Emergency" means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

H. Conflict with State or Federal Requirements. If any part of this chapter is found to be in conflict with federal or state requirements which are a prescribed condition to the allocation of federal or state funds to the City, then the conflicting part of this chapter is inoperative solely to the extent of the conflict and with respect to the City departments directly affected. This provision does not affect the operation of the remainder of this chapter. Administrative rules or regulations adopted under this chapter shall meet federal and state requirements which are a necessary condition to the receipt of federal or state funds by the City.

(Ord. 28147 Ex. B; passed May 7, 2013; Ord. 27815 Ex. A; passed Jun. 30, 2009; Ord. 27368 § 2; passed Jun. 21, 2005; Ord. 26992 § 1; passed Oct. 15, 2002; Ord. 26698 § 2; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.050 Good faith efforts. *Repealed by Ord. 27368.*

(Ord. 27368 § 3; passed Jun. 21, 2005; Ord. 26698 § 3; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

Appendix G: Proposed Changes w/ Strikethrough

1.90.060 Effect of program on prime contractor/service provider - subcontractor relationship.

The LEAP Program shall not be construed so as to modify or interfere with any relationship between any Contractor or Service Provider and Subcontractor. The LEAP Program shall not grant the City any authority to control the manner or method of accomplishing any construction work that is additional to any authority retained by the City in a Public Works contract.

(Ord. 26698 § 4; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.070 Apprentice utilization requirements – Bidding and contractual documents.

All packages of bid documents for every Building Project and every Civil Project shall incorporate provisions satisfactory to the City Attorney so as to allow enforcement of the provisions contained in this Chapter. Such contractual provisions may include liquidated damages, calculated to reimburse the City for the Contractor's breach of these performance requirements, which shall be published with the City's call for bids.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.080 Enforcement.

A. The Director shall review the Contractor's or Service Provider's and all Subcontractor's employment practices during the performance of the work for compliance with LEAP Program requirements. On-site visits may be conducted as necessary to verify compliance with the requirements of the LEAP Program. The Contractor, Service Provider, or Subcontractors shall not deny to the City the right to interview its employees, provided that the Director shall make reasonable efforts to coordinate employee interviews with employers.

B. Any knowing failure or refusal to cooperate in compliance monitoring may disqualify the defaulting Contractor, Service Provider, or Subcontractor from eligibility for other City contracts.

C. The making of any material misrepresentation may disqualify the defaulting Contractor, Service Provider, or Subcontractor from eligibility for other City contracts.

D. Any action by the City, its officers and employees, under the provisions of this Chapter may be reviewed by the Board of Contracts and Awards, upon written application of the party so affected. Application shall be made within twenty (20) days of the date of the action upon which the appeal is based, and provided to the City by certified mail or by personal service. Any action taken by the Board of Contracts and Awards may be appealed to the City Council or Public Utility Board, as appropriate, and thereafter if desired, to the Superior Court of Pierce County, Washington, within fifteen (15) days of the previous decision.

(Ord. 26698 § 5; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.090 Compliance with applicable law.

Nothing in this Chapter shall excuse a Prime Contractor, Service Provider, or Subcontractor from complying with all relevant federal, state, and local laws.

(Ord. 26698 § 6; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.100 Review and reporting.

The City Manager and Director of Utilities shall review the Program on or before January 1, 2000, and every two (2) years thereafter, and shall report to the City Council and Public Utility Board the Manager's and Director's findings, conclusions, and recommendations as to the continued need for the Program, and any revisions thereto that should be considered by the Council and Board.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.105 Authority.

The City Manager and the Director of Utilities shall have authority to jointly adopt policies and regulations consistent with this chapter to implement the LEAP program.

Appendix G: Proposed Changes w/ Strikethrough

(Ord. 26698 § 7; passed Sept. 12, 2000: Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.110 Interpretation.

This Chapter shall not be interpreted or construed so as to conflict with any state or federal law, nor shall this Chapter be enforced such that enforcement results in the violation of any applicable judicial order.

(Ord. 26301 § 1; passed Oct. 6, 1998)

Appendix H: Proposed Changes (Clean w/Underline)

Chapter 1.90

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM

Sections:

- 1.90.010 Purpose.
- 1.90.020 Scope.
- 1.90.030 Definitions.
- 1.90.040 LEAP goals.
- 1.90.050 *Repealed.*
- 1.90.060 Effect of program on prime contractor/subcontractor relationship.
- 1.90.070 Apprentice utilization requirements – Bidding and contractual documents.
- 1.90.080 Enforcement.
- 1.90.090 Compliance with applicable law.
- 1.90.100 Review and reporting.
- 1.90.105 Authority
- 1.90.110 Interpretation.

1.90.010 Purpose.

The purpose of this Chapter is to establish a means of providing for the development of a trained and capable workforce possessing the skills necessary to fully participate in the construction trades.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.020 Scope.

The provisions of this Chapter shall apply to all Public Works or Improvements funded in whole or in part with City funds or funds which the City expends or administers in accordance with the terms of a grant.

(Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.030 Definitions.

As used in this chapter, the following terms shall have the following meanings:

A. “Apprentice” shall mean a person enrolled in a course of training specific to a particular construction trade or craft, which training shall be approved by the Washington State Apprenticeship and Training Council established pursuant to RCW 49.04.010.

B. “Building Projects” shall mean all Public Works or Improvements having an Estimated Cost greater than \$750,000.00, and for which a building permit must be issued pursuant to Chapter 1 of the current edition of the state building code (Uniform Building Code).

C. “City” shall mean all divisions and departments of the City of Tacoma, and all affiliated agencies, provided, however, that the Tacoma Community Redevelopment Authority shall not be included within this definition.

D. “Civil Projects” shall mean all Public Works or Improvements that are not defined as a “Building Project,” provided that those projects having an Estimated Cost of less than \$250,000.00 shall not be included in this definition.

E “Contractor or Service Provider” means a person, corporation, partnership, or joint venture entering into a contract with the City to construct a Public Work or Improvement.

F. “Director” shall mean the Director of Community and Economic Development, or the Director’s Designee.

G. “Economically Distressed ZIP Codes” shall mean ZIP codes in the Tacoma Public Utilities Service Area that meet two out of three (2/3) of the thresholds of:

Appendix H: Proposed Changes (Clean w/Underline)

1. High concentrations of residents living under 200% of the federal poverty line in terms of persons per acre (69th percentile)
2. High concentrations of unemployed people in terms of persons per acre (45th percentile)
3. High concentrations of people 25 years or older without a college degree in terms of persons per acre (75th percentile)

Said thresholds shall be updated within 30 days following any Prevailing Wage updates issued by the Washington State Labor and Industry. All updates are to be published on the first business day in August and in February of each calendar year.

H. “Electrical Utility” and “Water Utility” shall mean, respectively, the Light Division of the Department of Public Utilities of the City of Tacoma, and shall include the electrical and telecommunications services of that Division, and the Water Division of the Department of Public Utilities of the City of Tacoma.

I. “Estimated Cost” shall mean the anticipated cost of a Public Work or Improvement, as determined by the City, based upon the expected costs of materials, supplies, equipment, and labor, but excluding taxes and contingency funds.

J. “Estimated Labor Hours” shall mean the anticipated number of Labor Hours determined by the City to be necessary to construct a Public Work or Improvement and set forth in the specifications for the project, or as may be subsequently revised due to contract or project adjustment, or pursuant to an agreed upon change order.

K. “Existing Employee” shall mean an employee whom the Contractor or Service Provider can demonstrate was actively employed by the Contractor or Service Provider for at least 1000 hours in the calendar year prior to bid opening plus one month following bid opening, and who was performing work in the construction trades.

L. “Labor Hours” shall mean the actual number of hours worked by workers receiving an hourly wage who are employed on the site of a Public Work or Improvement, and who are subject to state or federal prevailing wage requirements. The term “Labor Hours” shall include hours performed by workers employed by the Contractor or Service Provider and all Subcontractors, and shall include additional hours worked as a result of a contract or project adjustment or pursuant to an agreed upon change order. The term “Labor Hours” shall not include hours worked by workers who are not subject to the prevailing wage requirements set forth in either RCW 39.12 or the Davis-Bacon Act - 40 U.S.C. 276 (a).

M. “LEAP Coordinator” shall mean the City of Tacoma staff member who administers LEAP.

N. “LEAP Program” or “Program” shall mean the City of Tacoma’s Local Employment and Apprenticeship Training Program, as described in this chapter.

O. “LEAP Regulations” or “Regulations” shall mean the rules and practices established in this document.

P. “LEAP Utilization Plan” shall mean the document submitted by the Contractor to the LEAP Coordinator which outlines how the associated goals will be met on the project.

Q. “Priority Hire Resident” shall mean any resident within the Economically Distressed ZIP Codes.

R. “Project Engineer” shall mean the City employee who directly supervises the engineering or administration of a particular construction project subject to this chapter.

S. “Public Work or Improvement” shall have the same meaning as provided in Section 39.04.010 RCW, as that Section may now exist or hereafter be amended.

T. “Resident of Tacoma” shall mean any person, not defined as a Resident of the Community Empowerment Zone, who continues to occupy a dwelling within the boundaries of the City of Tacoma, has a present intent to continue residency within the boundaries of the City, and who demonstrates the genuineness of that intent by producing evidence that the person’s presence is more than merely transitory in nature.

Appendix H: Proposed Changes (Clean w/Underline)

U. “Service Area - Electrical” or “Electrical Service Area” shall mean that area served with retail sales by the Electrical Utility of the City of Tacoma at the time a bid is published by the Electrical Utility for a Public Work or Improvement to be performed primarily for the Electrical Utility.

V. “Service Area - Water” or “Water Service Area” shall mean that area served with retail sales by the Water Utility of the City of Tacoma at the time a bid is published by the water utility for a Public Work or Improvement to be performed primarily for the Water Utility.

W. “Service Contract” shall mean all City contracts relating to a Public Work or Improvement which utilize labor at a City site and which are not within the exceptions to nor defined as “Building Projects” or “Civil Projects.”

X. “Subcontractor” means a person, corporation, partnership, or joint venture that has contracted with the Contractor or Service Provider to perform all or part of the work to construct a Public Work or Improvement by a Contractor.

Y. “Tacoma Public Utilities Service Area” shall mean every zip code listed by Tacoma Public Utilities as an area that either receives services or maintains infrastructure to provide services.

Z. Washington State Labor and Industry Prevailing Wage shall mean the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established, by the Department of Labor & Industries, for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

(Ord. 28147 Ex. B; passed May 7, 2013; Ord. 28110 Ex. C; passed Dec. 4, 2012; Ord. 27815 Ex. A; passed Jun. 30, 2009; Ord. 27368 § 1; passed Jun. 21, 2005; Ord. 26698 § 1; passed Sept. 12, 2000; Ord. 26301 § 1; passed Oct. 6, 1998)

1.90.040 LEAP goals.

A. Utilization Goals.

1. All Contractors constructing Civil Projects or Building Projects, and all Service Providers involved with the construction of a Public Work or Improvement, shall ensure that at least 15 percent of the total Labor Hours actually worked on the Project are performed by persons having their residence within the boundaries of the City of Tacoma or Economically Distressed ZIP Codes, whether or not any such person is an Apprentice.

a. The thresholds for this section shall be \$250,000.00 for Civil Projects and \$750,000.00 for Building Projects.

2. Fifteen percent (15%) of the Total Labor Hours on contracts above one-million dollars (\$1,000,000.00) shall have work performed by Apprentices who are residents of the Tacoma Public Utilities Service Area consistent with RCW 39.04.320(1)(a), subject to waiver based on exceptions as specified in RCW 39.04.320(2)(a), (b), and (c).

3. Labor Hours performed by non-residents of the State of Washington will be deducted from a project’s total Labor Hours for purposes of determining compliance with the requirements of this chapter.

4. All Contractors and Service Providers shall submit a LEAP Utilization Plan as provided for in the regulations adopted under this chapter, and shall meet with the LEAP Coordinator to review said Plan prior to being issued a Notice to Proceed. Failure to submit a LEAP Utilization Plan may be grounds for the City to withhold remittance of a progress payment until such Plan is received from the responsible Contractor or Provider. A meeting with the LEAP Coordinator prior to issuance of a Notice to Proceed shall be excused only when the LEAP Coordinator is unavailable to meet prior to the scheduled date for issuance of the Notice to Proceed and the Contractor and the LEAP Coordinator have otherwise scheduled a meeting for the coordinator to review the Contractor’s or Provider’s plan.

The Contractor or Service Provider shall be responsible for meeting the LEAP utilization goal requirements of the contract, including all amendments and change orders thereto, and shall be responsible for overall compliance for all hours worked by Subcontractors. To the extent possible, the Contractor or Service Provider shall recruit Apprentices from multiple trades or crafts.

B. Failure to Meet Utilization Goal.

Appendix H: Proposed Changes (Clean w/Underline)

1. Contracts for the construction of Building projects or Civil Projects and Service Contracts shall provide that Contractors or Service Providers failing to meet the LEAP utilization goals shall be assessed an amount for each hour that is not achieved. The amount per hour shall be based on the extent the Contractor or Service Provider met its goal. The amount per hour that shall be assessed shall be as follows:

Percent of Goal Met	Assessment per unmet hour
100%	\$ 0.00
90% - 99%	\$ 2.00
75% to 89%	\$ 3.50
50% to 74%	\$ 5.00
1% to 49%	\$ 7.50
0%	\$10.00

When determining the percent of goal that is met, all rounding shall be down to the nearest whole percent. No penalty shall be waived by the City unless it is determined by the Director to be in the best interests of the City, which determination shall be made after consultation with the LEAP Coordinator.

2. Deposit of Assessments. All assessments imposed pursuant to this section shall be deposited into a separate account and utilized to support the City's pre-apprenticeship and training program. The policies and regulations adopted by the City Manager and Director of Utilities pursuant to this chapter shall address issues pertaining to a Contractor's existing workforce. Contributions need not be made for Labor Hours that have been adjusted in accordance with Section 1.90.040(E).

C. LEAP Reports. Notwithstanding the provisions of TMC 1.90.100, the Director shall, not less than annually, publish a LEAP report setting forth Contractor compliance with this chapter. Said report shall include information on all contracts and all Contractors to which this chapter applies, and shall detail the level and nature of LEAP participation by contract and by Contractor. The Director's LEAP report may include such other information as may be helpful to assuring fair and accurate representation of the contracts, Contractors or projects covered in the report. The Director's LEAP reports may be considered by the Board of Contracts and Awards in its determinations as to bidder responsibility.

D. LEAP Goal Adjustments.

1. LEAP utilization goals may be adjusted prior to bid opening and/or as a result of a contract amendment or change order on a Building Project, Civil Project, or Service Contract.

a. If LEAP utilization goals are adjusted prior to bid opening, they shall be set forth in the bid or Request For Proposal advertisement and specification documents or in an addendum timely provided to prospective bidders, provided that such adjustment shall be based upon a finding by the Project Engineer that the reasonable and necessary requirements of the contract render LEAP utilization unfeasible at the required levels. The Director shall concur with the Project Engineer's finding, provided that should the Project Engineer and the Director fail to reach agreement on the Project Engineer's finding, then in that circumstance the matter shall be referred to the City Manager or the Director of Utilities, as appropriate, for ultimate resolution. Notwithstanding any other provision of this chapter to the contrary, the decision of the City Manager or the Director of Utilities with regard to LEAP goal adjustment may not be appealed.

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Appendix H: Proposed Changes (Clean w/Underline)

2. The methodology of determining the appropriate adjustments to LEAP utilization goals shall be determined in consultation with the LEAP Advisory Committee, established pursuant to this ordinance for so long as the LEAP Advisory Committee remains in existence.

3. LEAP utilization goals shall not apply to those portions of a project that are funded by sources other than (a) City funds, or (b) funds which the City expends or administers in accordance with the terms of a grant to the City, provided that the Project Engineer shall notify the Director of such non-application prior to bid advertisement. For the purposes of this paragraph, credits extended by another entity for the purpose of providing project funding shall not be considered to be City funds.

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H. Emergency. This chapter shall not apply in the event of an Emergency. For the purposes of this section, an "Emergency" means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

I. Conflict with State or Federal Requirements. If any part of this chapter is found to be in conflict with federal or state requirements which are a prescribed condition to the allocation of federal or state funds to the City, then the conflicting part of this chapter is inoperative solely to the extent of the conflict and with respect to the City departments directly affected. This provision does not affect the operation of the remainder of this chapter. Administrative rules or regulations adopted under this chapter shall meet federal and state requirements which are a necessary condition to the receipt of federal or state funds by the City.

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Appendix H: Proposed Changes (Clean w/Underline)

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D. Any action by the City, its officers and employees, under the provisions of this Chapter may be reviewed by the Board of Contracts and Awards, upon written application of the party so affected. Application shall be made within twenty (20) days of the date of the action upon which the appeal is based, and provided to the City by certified mail or by personal service. Any action taken by the Board of Contracts and Awards may be appealed to the City Council or Public Utility Board, as appropriate, and thereafter if desired, to the Superior Court of Pierce County, Washington, within fifteen (15) days of the previous decision.

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Financial Outlook

4th Quarter 2017

February 28, 2017

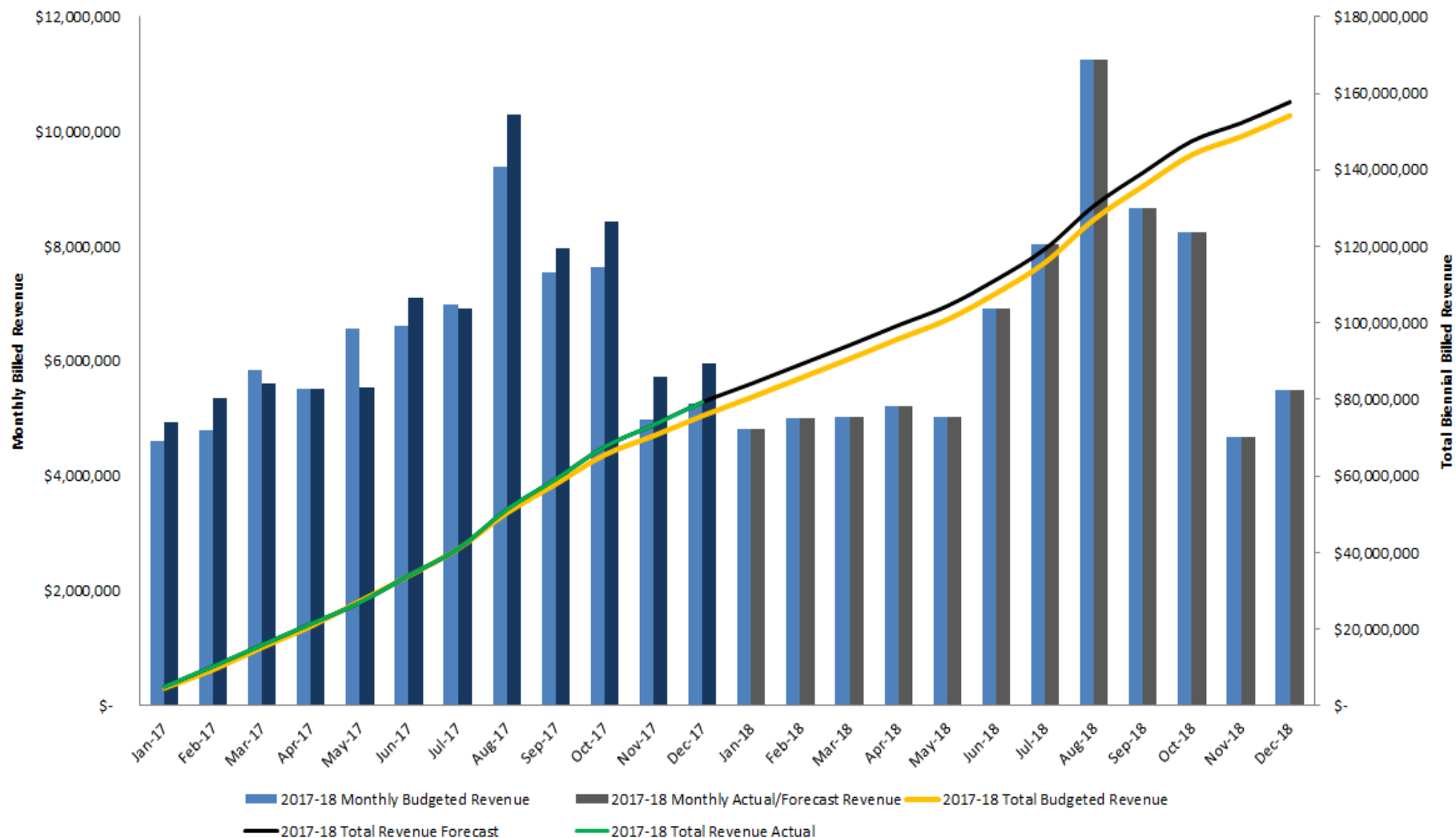
- **Forecast Assumptions**
- **Summary of Outlook**
- **Water Retail Sales and Revenues**
- **Revenue and Expense Summary**
- **Estimated Current Fund Cash**

- **Forecast includes actual revenues and expenses through December 2017 with period 13 closed.**
- **Water sales and revenue projection based on current demand forecast with updated assumptions as they become known.**
- **Expense projections include savings-to-date adjusted for updated assumptions and shaping of expenditures in future months.**
- **All other revenue and expense projections are based on 2017/2018 budget.**

2017/2018 Biennium Summary of Financial Outlook

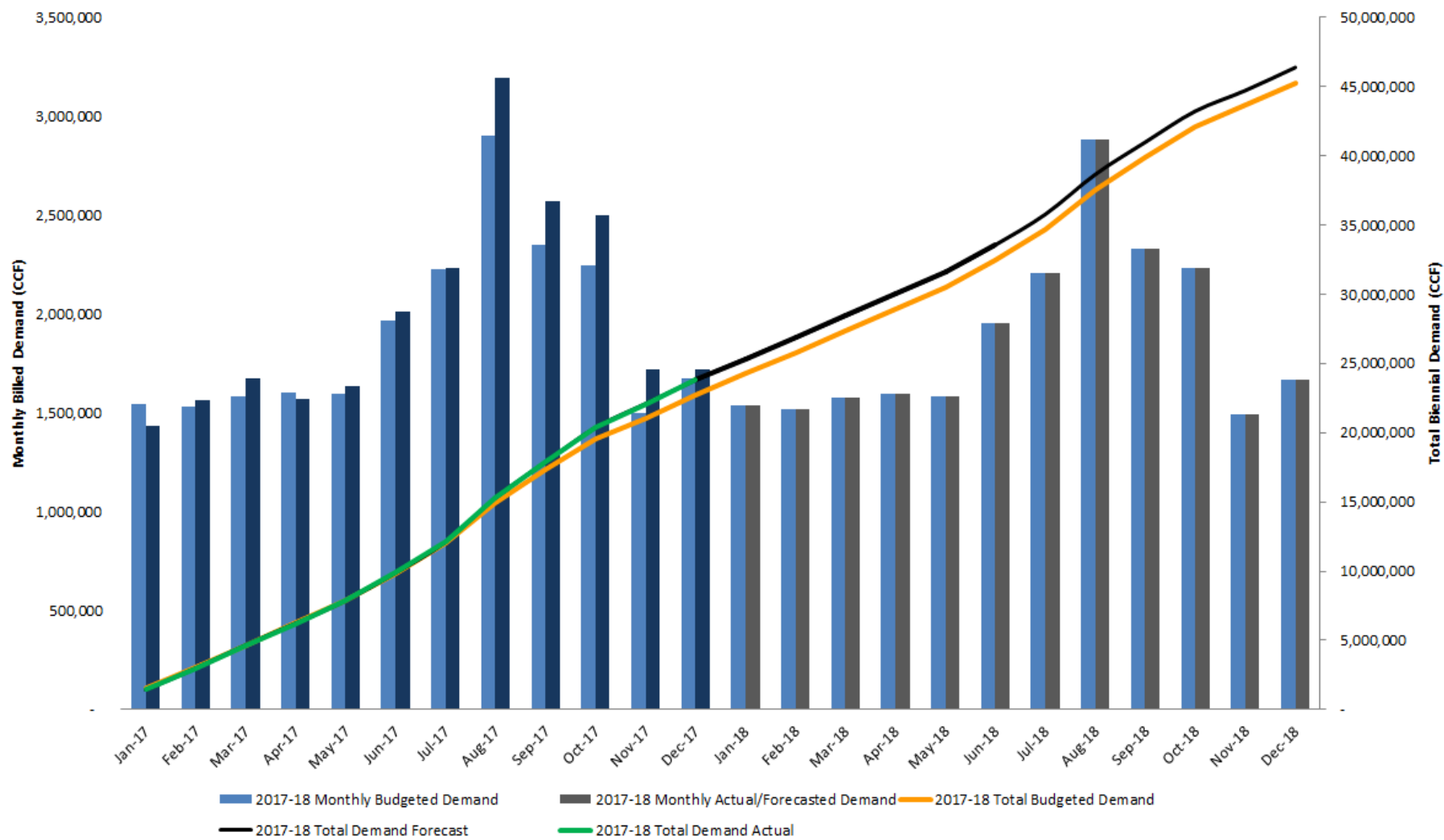
- Water sales are projected to be \$5.1 million higher than budget for the biennium.
- Total expenditures are projected to be nearly \$4.0 million under budget for the biennium.
- Net total revenues less expenditures is expected to be approximately \$10.4 million over budget.
- The Current Fund cash balance is expected to increase by \$978,000 over the biennium.

Billed Revenue



Billed Demands

6



2017/2018 Biennium Forecast vs. Budget

7

- 1. The projection for wholesale revenues has increased nearly \$1 million due to higher than expected demands.**
- 2. Non-operating revenue has increased over \$1 million primarily due to increased interest earned on our cash balances from investments made by the City Treasurer.**
- 3. Total revenue is forecast to be \$6.4 million higher than forecast primarily due to increased residential demand as well as the items discussed above.**
- 4. At the end of 2017, personnel expenses are \$2.7 million lower than budget with 37 vacant FTE's at 12/31/2017.**
- 5. Supplies, Other Services & Charges expenditures are projected to be \$2.2 million lower than budget primarily due to an inability to execute our plans at the anticipated time.**

2017/2018 Biennium Forecast vs. Budget

8

6. As a result, total revenue less expenditures is forecast to increase nearly \$10.4 million over the biennium.
7. Although we included an appropriation of current fund reserves of nearly \$9.9 million in the budget, we now expect to increase our reserves by \$978,000 over the biennium.
8. Total capital expenditures are expected to be \$13.1 million lower than budget due to a combination of lagging projects and contingency funds that are not projected to be spent.
9. The current fund cash balance is expected to increase \$978,000 over the biennium due to the items mentioned above.

2017/2018 Biennium Forecast vs. Budget

All \$'s in 1000's	2017 Budget	2017 Actual*	2017 Difference	2018 Budget	2018 Forecast	2018 Difference	Total Biennium Budget	Total Biennium Forecast	Biennium Difference \$	Biennium Difference %
Revenue										
Residential Water Sales	48,519	52,010	3,491	50,480	50,480	-	98,999	102,490	3,491	4%
Pulp Mill Water Sales	6,470	6,322	(148)	6,793	6,793	-	13,263	13,115	(148)	-1%
Wholesale Water Sales	2,118	3,069	951	2,108	2,108	-	4,226	5,177	951	(1) 23%
Other Water Sales	17,819	18,597	778	19,006	19,006	-	36,825	37,603	778	2%
Public Fire Protection	3,085	3,117	32	3,358	3,358	-	6,443	6,475	32	0%
Other Operating Revenue	3,872	4,172	300	3,831	3,831	-	7,703	8,003	300	4%
Total Operating Revenue	81,883	87,287	5,404	85,576	85,576	-	167,459	172,863	5,404	3%
Non-Operating Revenue (includes BAB's subsidy)	3,090	4,095	1,005	3,141	3,141	-	6,231	7,236	1,005	(2) 16%
Total Revenue	84,973	91,382	6,409	88,717	88,717	-	173,690	180,099	6,409	(3) 4%
Expenditures										
Personnel Costs	26,709	24,003	(2,706)	27,813	27,813	-	54,522	51,816	(2,706)	(4) -5%
Supplies, Other Services & Charges	27,627	24,342	(3,285)	25,648	26,759	1,111	53,275	51,101	(2,174)	(5) -4%
Debt Service	26,506	26,726	220	26,506	26,376	(130)	53,012	53,102	90	0%
Taxes	11,105	11,920	815	11,638	11,638	-	22,743	23,558	815	4%
Total Expenditures	91,947	86,991	(4,956)	91,605	92,586	981	183,552	179,577	(3,975)	-2%
Total Revenue less Total Expenditures	(6,974)	4,391	11,365	(2,888)	(3,869)	(981)	(9,862)	522	10,384	(6) -105%
Reconciling Cash Items	-	456		-	-	-	-	456		
Appropriation from Current Fund	6,974	(4,847)	(11,365)	2,888	3,869	981	9,862	(978)	(10,384)	(7)
Capital Outlay Financing Detail										
Funded from Bond Funds	20,020	10,189	(9,831)	20,020	23,986	3,966	40,040	34,175	(5,865)	-15%
Funded from Capital Reserve Fund	4,005	750	(3,255)	4,006	-	(4,006)	8,011	750	(7,261)	-91%
Total Capital Outlay	24,025	10,939	(13,086)	24,026	23,986	(40)	48,051	34,925	(13,126)	(8)
Debt Service Coverage Ratio		2.15x			2.18x			2.18x		
EOY Current Fund (Jan 17 Balance \$54,438)		59,285			55,416			55,416	978	(9)

- 1. Projection for total revenue has increased \$4.5 million, primarily due to increased actual residential retail and wholesale revenues and higher than expected interest earned on investments.**
- 2. Expenditures are projected to be \$2.3 million lower than projected in the second quarter due to lower than anticipated personnel and supplies expense.**
- 3. As a result of these updates, the current fund cash balance is forecast to increase nearly \$7.3 million from the projection presented in the second quarter.**

Qtr 2/2017 vs. Qtr 4/2017 Outlook

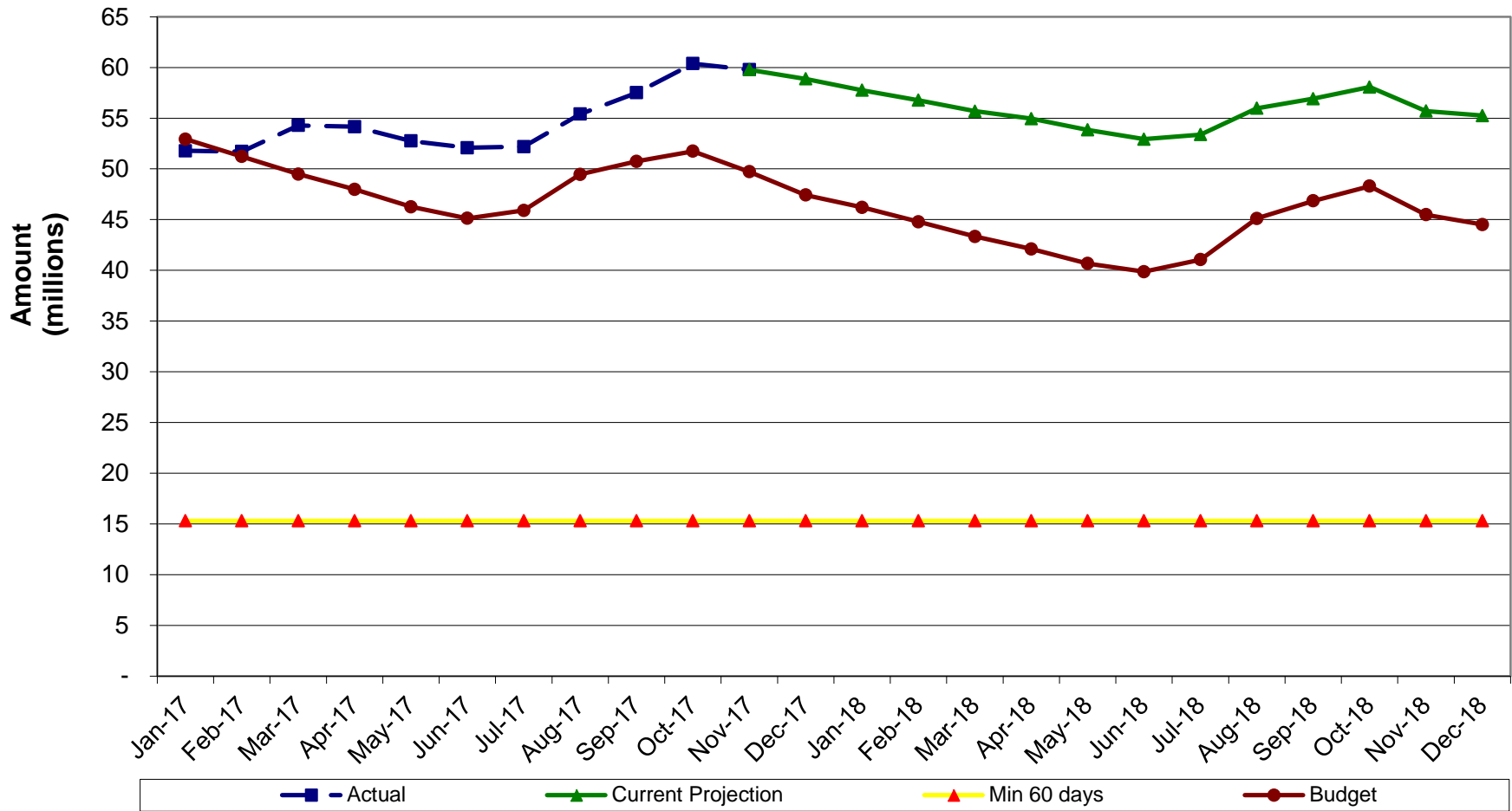
11

All \$'s in 1000's	Previous Forecast	Biennium Forecast As of Qtr 4 2017	Difference \$	Difference %
Revenue				
Residential Water Sales	100,032	102,490	2,458	2%
Pulp Mill Water Sales	13,085	13,115	30	0%
Wholesale Water Sales	4,441	5,177	736	17%
Other Water Sales	37,328	37,603	275	1%
Public Fire Protection	6,421	6,475	54	1%
Other Operating Revenue	7,738	8,003	265	3%
Total Operating Revenue	169,045	172,863	3,818	2%
Non-Operating Revenue (includes BABs subsidy)	6,557	7,236	679	10%
Total Revenue	175,602	180,099	4,497 (1)	3%
Expenditures				
Personnel Costs	53,220	51,816	(1,404)	-3%
Supplies, Other Services & Charges	52,456	51,101	(1,355)	-3%
Debt Service	53,112	53,102	(10)	0%
Taxes	23,134	23,558	424	2%
Total Expenditures	181,922	179,577	(2,345) (2)	-1%
Total Revenue less Total Expenditures	(6,320)	522	6,842	-108%
EOY 2018 Current Fund Balance Projection	48,118	55,416	7,298	
Change in Current Fund Projection Reconciliation				
Change in Operating Activities			6,842	
Change in Cash provided by (used for) Changes in Operating Asset & Liabilities			456	
Change in Current Fund Cash Projection			7,298 (3)	

2017/2018 Projected Liquidity Balance

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TACOMA WATER CURRENT FUND CASH PROJECTIONS Actual & Estimated Cash for 2017/2018





TACOMA POWER
TACOMA PUBLIC UTILITIES

Financial Outlook

4th Quarter 2017

February 28, 2017

2017/2018 Biennium:

- Assumptions
- Electric Retail Revenues
- Wholesale Revenues
- Revenue & Expense Details
- Projected Liquidity Balance

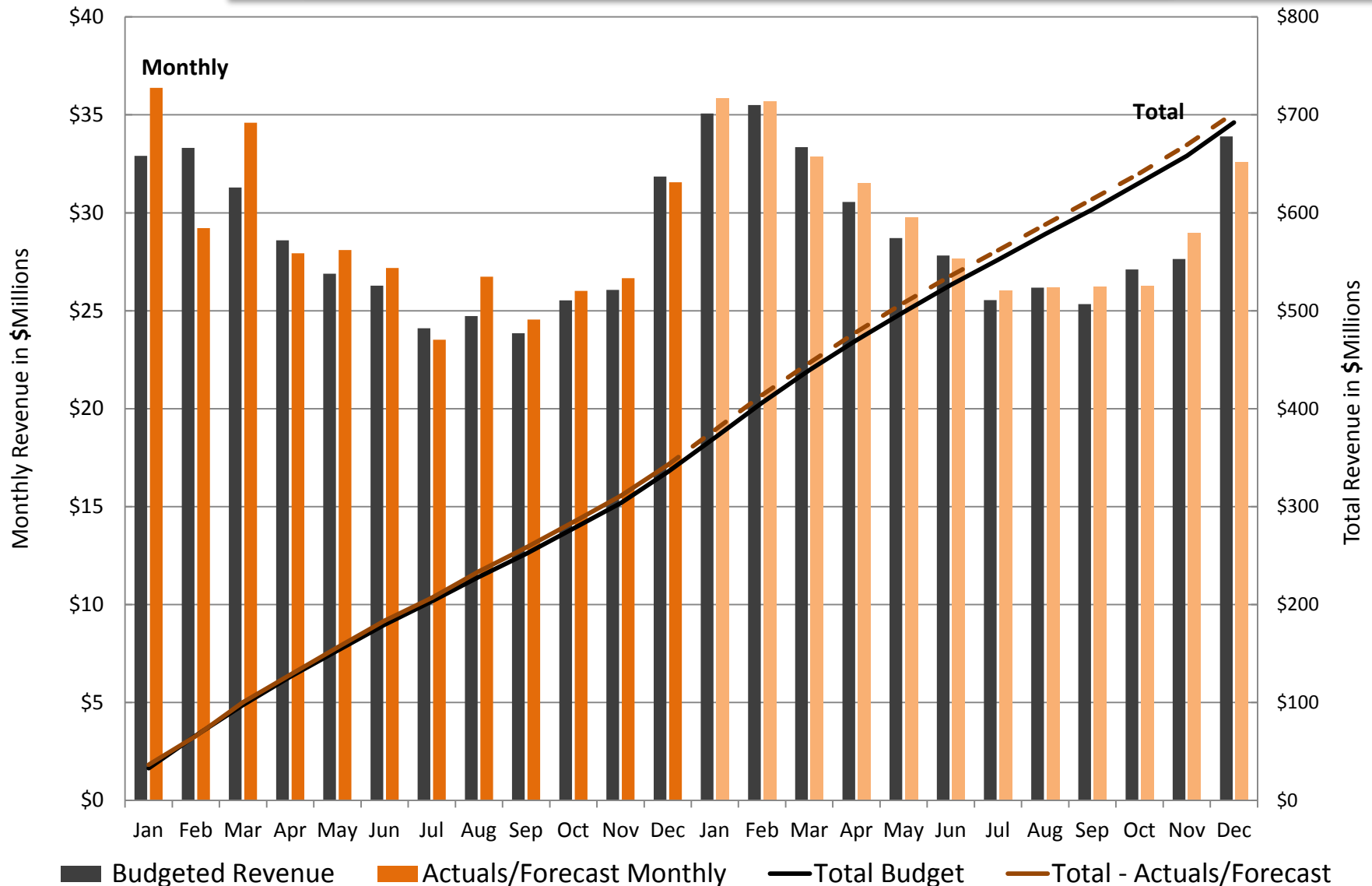
- Actuals updated through December 2017
- June 2017 load forecast
- Wholesale revenue forecast:
 - Expected water conditions for January & February 2018
 - Adverse water forecast through remainder of biennium
 - Forward prices updated 1/09/18
- Capital spending forecast updated on 11/10/2017

Forecasting Practices

- Personnel expenditures assume a 5% vacancy rate
- O&M expenditures are forecast based on actuals and historical trends

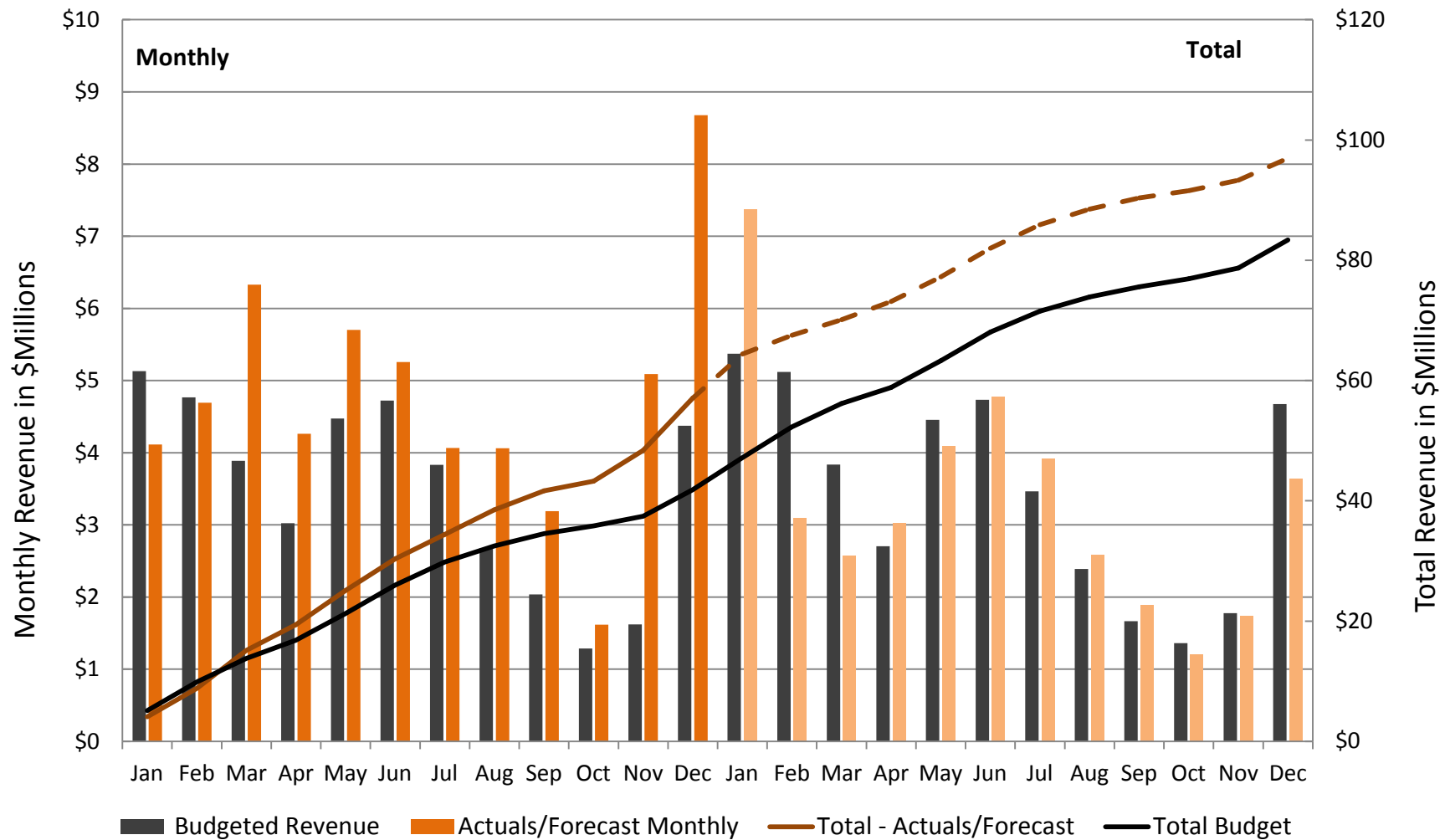
2017/2018 Electric Retail Revenues

16



2017/2018 Wholesale Revenues

17



2017/2018 Biennium Forecast vs. Budget

18

Forecast for Revenue Over Budget: \$23.6 million (3%)

1. Retail Revenues: forecast \$9.9 million over budget
 - Cooler than anticipated weather in first quarter increased heating loads
2. Wholesale Revenues: forecast \$13.6 million over budget
 - Higher precipitation in first, second, and fourth quarters

Forecast for Expenditures Under Budget: \$46.5 million (5%)

3. Personnel expenses: forecast \$13.2 million under budget
 - 5% vacancy rate forecast for the budget is \$10 million
4. Supplies, Other Services, & Charges: forecast \$12.9 million under budget
 - \$10.2 million from actual underspending through December
5. Capital expenses funded from the Current Fund: forecast \$15.7 million under budget
 - Underspending on Current Funded capital projects in 2017

Net Revenue:

6. Total revenues less expenses net to \$70.2 million

2017/2018 Biennium Forecast vs. Budget

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Tacoma Power

2017/2018 Biennium Adjusted Estimates Comparison to Budget

as of 12/31/2017

Descrip: Includes Actual Water for 2017, Adverse Water for 2018

All \$'s in 1000's

	2017 Budget	2017 Actual	2017 Diff.	2018 Budget	2018 Forecast	2018 Diff.	Total Biennium Budget	Total Biennium Forecast	Biennium Diff.	Biennium Diff. (%)
Revenue										
Retail Sales	\$335,395	\$342,455	\$7,060	\$356,722	\$359,554	\$2,832	\$692,117	\$702,009	\$9,892 (1)	1%
Bulk Power (wholesale) Sales	\$41,834	\$57,062	\$15,229	\$41,557	\$39,892	(\$1,665)	\$83,390	\$96,954	\$13,564 (2)	16%
Other Electric Revenue	\$17,626	\$18,193	\$567	\$17,868	\$17,868	\$0	\$35,495	\$36,061	\$567	2%
Telecommunications Revenue	\$28,167	\$26,522	(\$1,645)	\$33,133	\$33,133	\$0	\$61,300	\$59,655	(\$1,645)	-3%
Total Operating Revenue	\$423,022	\$444,233	\$21,210	\$449,279	\$450,446	\$1,167	\$872,301	\$894,679	\$22,377	3%
Other Income	\$6,520	\$7,722	\$1,201	\$6,402	\$6,489	\$87	\$12,922	\$14,211	\$1,288	10%
Total Revenue	\$429,543	\$451,954	\$22,412	\$455,681	\$456,935	\$1,254	\$885,223.953	\$908,890	\$23,666	3%
Expenses										
Personnel Costs	\$97,492	\$89,271	(\$8,221)	\$102,965	\$97,965	(\$5,000)	\$200,457	\$187,236	(\$13,221) (3)	-7%
Supplies, Other Services & Charges	\$79,920	\$69,771	(\$10,150)	\$79,920	\$77,189	(\$2,731)	\$159,840	\$146,959	(\$12,881) (4)	-8%
Purchased Power & RECs	\$152,770	\$149,995	(\$2,775)	\$154,307	\$154,100	(\$207)	\$307,077	\$304,095	(\$2,982)	-1%
Capital Outlay funded from Current Fund	\$40,915	\$20,875	(\$20,040)	\$40,915	\$45,270	\$4,355	\$81,830	\$66,145	(\$15,685) (5)	-19%
Debt Service	\$33,494	\$31,278	(\$2,216)	\$33,501	\$31,038	(\$2,463)	\$66,995	\$62,316	(\$4,679)	-7%
Taxes	\$52,191	\$54,898	\$2,706	\$54,992	\$55,190	\$198	\$107,183	\$110,088	\$2,905	3%
Total Expenses	\$456,782	\$416,088	(\$40,694)	\$466,600	\$460,752	(\$5,848)	\$923,382	\$876,840	(\$46,543)	-5%
Total Revenues less Expenses	(\$27,239)	\$35,867	\$63,106	(\$10,919)	(\$3,817)	\$7,102	(\$38,158)	\$32,050	\$70,208 (6)	
Appropriation from Current Fund ¹	\$27,239	(\$12,973)	(\$40,213)	\$10,919	\$26,710	\$15,792	\$38,158	\$13,737	(\$24,421)	
Capital Outlay Financing Detail										
Funded From Current Fund	\$40,915	\$20,875	(\$20,040)	\$40,915	\$45,270	\$4,355	\$81,830	\$66,145	(\$15,685)	-19%
Funded From Bond Fund	\$54,322	\$30,373	(\$23,949)	\$54,322	\$67,372	\$13,050	\$108,644	\$97,745	(\$10,899)	-10%
Total Capital Outlay	\$95,237	\$51,249	(\$43,988)	\$95,237	\$112,642	\$17,405	\$190,474	\$163,891	(\$26,583)	-14%
Ratios										
Debt Service Coverage Ratio	2.31	1.41	2.81	1.41	1.90	2.34	0.44			
Days Liquidity	236.4	178.4	211.1	32.74	163.2	197.6	34.4			
EOY Rate Stabilization Fund Balance	\$48,000	\$48,000	\$48,000	\$0	\$48,000	\$48,000	\$0			
EOY Current Fund Balance ²	\$160,239	\$122,441	\$142,740	\$20,299	\$111,995	\$142,008	\$30,013			
Total Liquidity	\$208,239	\$170,441	\$190,740		\$159,995	\$190,008				

Footnotes:

1. Includes unbudgeted \$27,155,000 cash defeasance of the 2013A Bonds in 2017.

2. The 2017 Current Fund balance is approximately \$30 million lower due to bond-funded capital projects that have not been reimbursed by the Wells Fargo short-term financing agreement.

- 1. Retail revenues were \$1.5 million less than the previous forecast.**
 - This is only a 0.2% difference from the previous forecast.
- 2. Wholesale revenues were \$10.4 million more than the previous forecast.**
 - Due to greater than expected precipitation in fourth quarter.
- 3. Personnel expenses were \$1.1 million less than the previous forecast.**
 - Mostly related to unfilled vacancies.
- 4. Supplies, Other Services & Charges were \$1.7 million more than the last forecast.**
 - Due to increased spending on fish licensing.

Qtr 2/2017 vs. Qtr 4/2017 Outlook

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Biennium Projection Compared to Prior Outlook Forecast

#s in 1000's

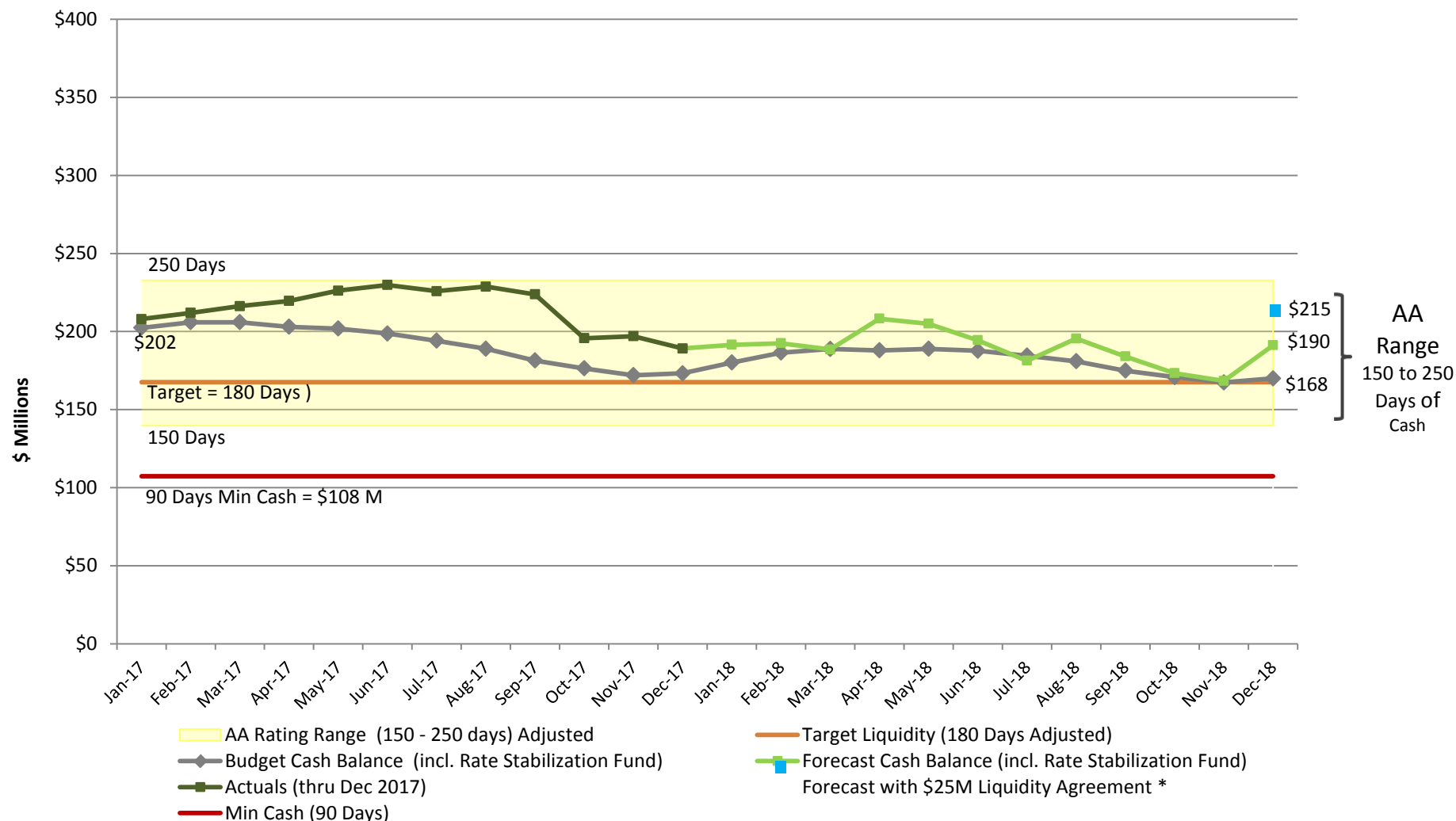
	17/18 Projection as of 6/30/2017	17/18 Projection as of 12/31/2017	Difference	% Diff.
Revenue				
Retail Sales	\$703,501	\$702,009	(\$1,492)	(1) -0.2%
Bulk Power (wholesale) Sales	86,521	96,954	10,433	(2) 12.1%
Other Electric Revenue	36,319	36,061	(258)	-0.7%
Telecommunications Revenue	60,353	59,655	(699)	-1.2%
Total Operating Revenue	\$886,694	\$894,679	\$7,985	0.9%
Other Income	13,629	14,211	582	4.3%
Total Revenue	\$900,323	\$908,890	\$8,566	1.0%
Expenditures				
Purchased Power & RECs	\$303,541	\$304,095	\$555	0.2%
Personnel Costs	\$188,365	\$187,236	(\$1,129)	(3) -0.6%
Supplies, Other Services & Charges	145,216	146,959	1,743	(4) 1.2%
Capital Outlay Funded from Current Fund	65,605	66,145	540	0.8%
Debt Service	62,035	62,316	281	0.5%
Taxes	108,886	110,088	1,202	1.1%
Total Expenditures	\$873,647	\$876,840	\$3,192	0.4%
Total Revenue less Total Expenditures	\$26,676	\$32,050	\$5,374	
Appropriation from Current Fund	\$13,939	\$18,231	\$4,292	
EOY 2017 Current Fund Balance Projection	\$146,300	\$142,008	(\$4,292)	-2.9%
Change in Current Fund Projection Reconciliation				
Change in Operating Activities			\$5,374	
Change in Cash provided by (used for) Changes in Operating Assets and Liabilities *			\$727	
Change in Cash due to Capital Improvements			(\$10,393)	
Change in Current Fund Projection			(\$4,292)	
EOY 2016 Rate Stabilization Fund Balance	\$48,000	\$48,000	\$0	

* Includes items such as Accounts Receivable and Unbilled Revenues, Taxes and other Payables and Receivables.

2017/2018 Projected Liquidity Balance

as of 12/31/2017

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* \$25 million Key Bank Liquidity Agreement can be increased to \$50 million with 90 day notice.



Financial Outlook

4th Quarter 2017

Summary of Assumptions

- Projections include actual revenue and expense through December 2017
- Intermodal volumes adjusted to include new SIM service through the end of the year
- Oil trains reduced to 14 per month through the rest of the biennium
 - March anticipated to be more than 20
- New Port of Tacoma project on Blair Peninsula not factored into 2018 volumes
- Marine View Drive grade crossing project & grant not included at this time

Summary of Financial Outlook

- Traffic analysis

Quarter	2016		2017		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	59,355	11,625	61,604	12,211	4%	5%
2	57,238	12,152	46,515	12,232	-19%	1%
3	65,104	11,767	41,092	11,478	-37%	-2%
4	63,479	11,228	40,466	11,775	-36.3%	4.9%
Total	245,176	46,772	189,677	47,696	-23%	2%

- Intermodal:

- Year over year: NIM **-10%**, PCT **-28%**, WUT **-37%**
- Down **22%** from budgeted volumes

- Commercial:

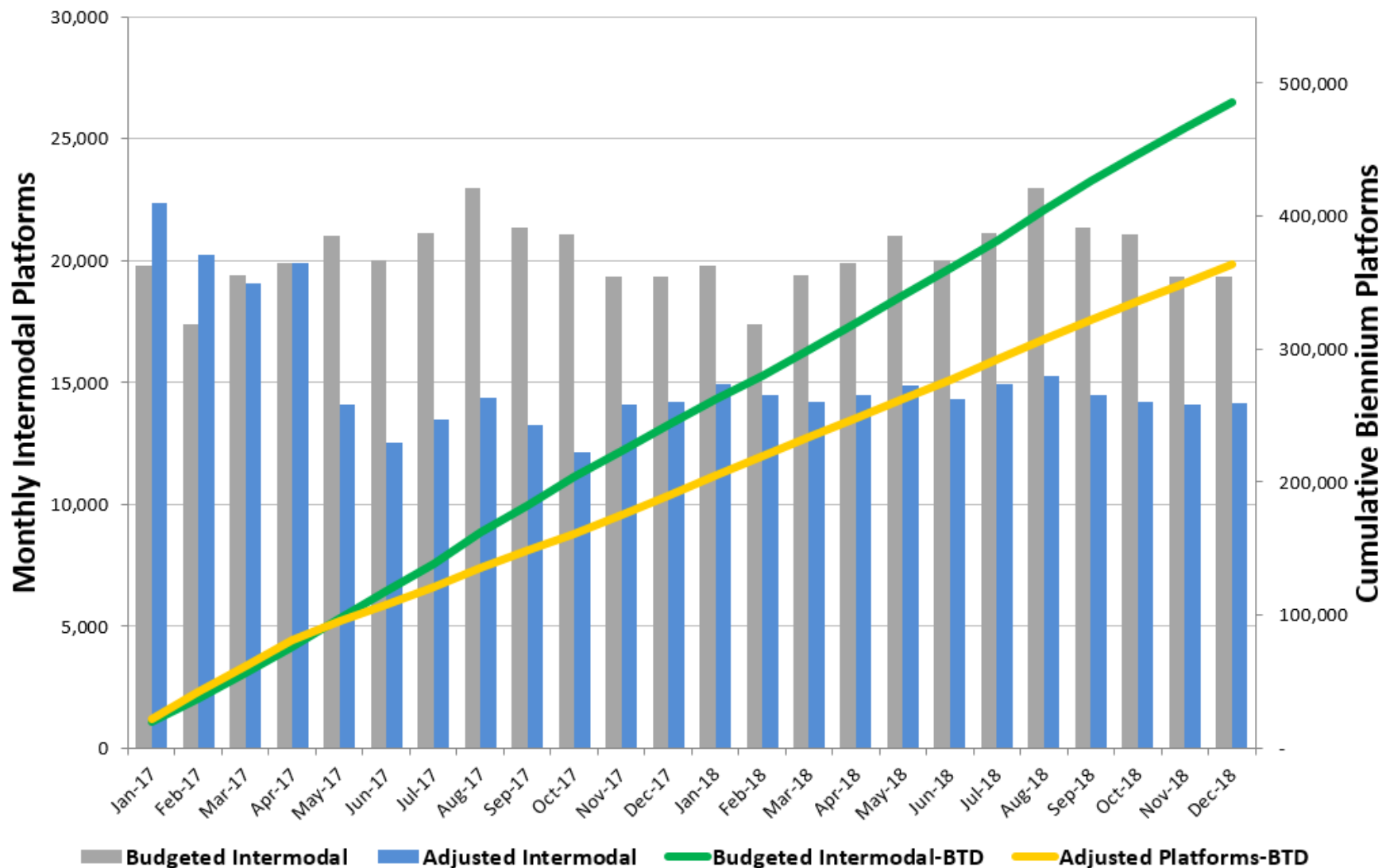
- Year over year: US Oil **-5%**, Targa Sound **48%**, AWC **-14%**
- Down **7%** from budgeted volumes

- Cash is projected above the 60 days of budget threshold

Intermodal Volumes

26

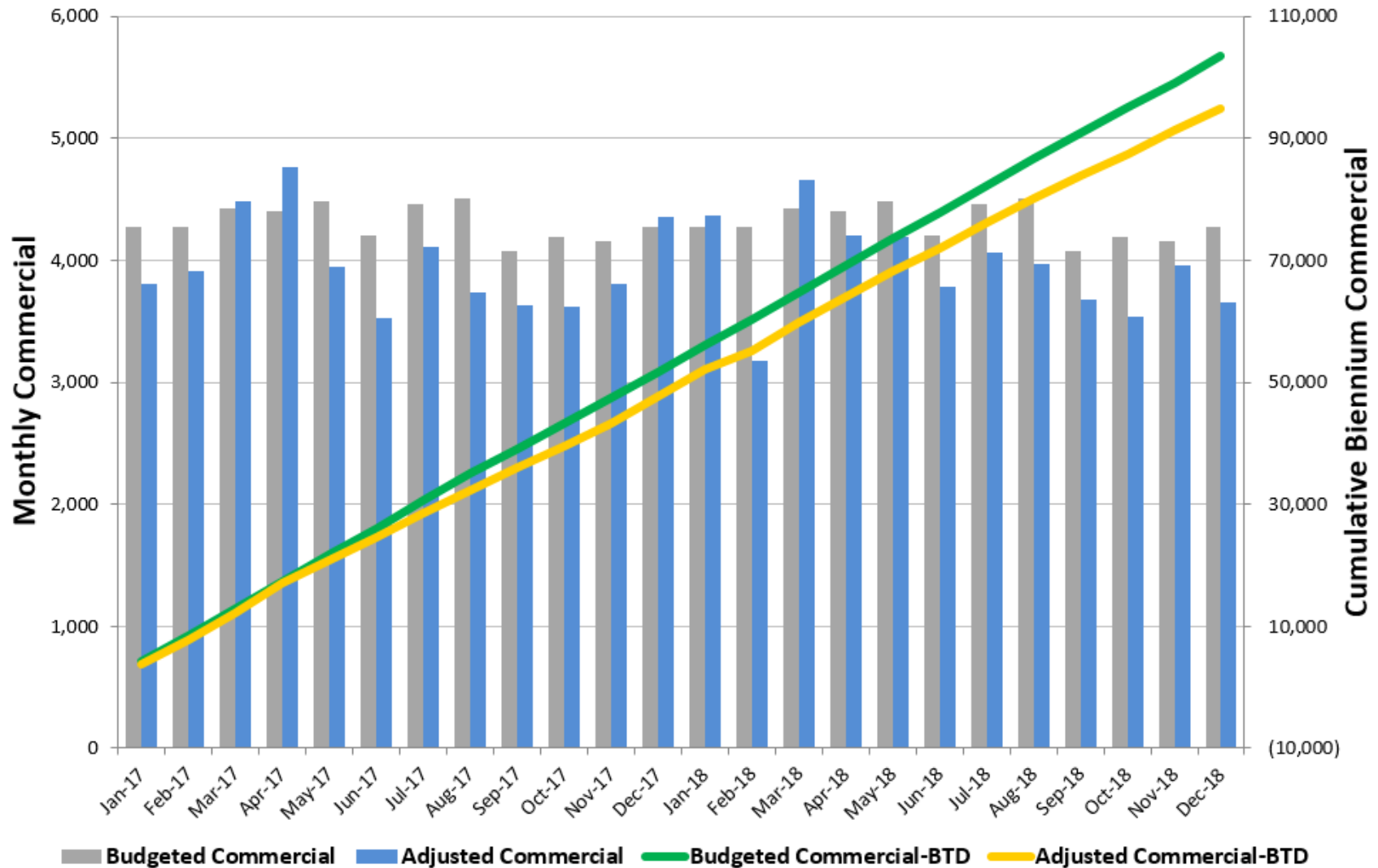
2/26/2018



Commercial Volumes

27

2/26/2018



- 1. Decrease in railcar volumes**
- 2. Actual locomotive servicing revenue above budget**
- 3. Deferred capital projects**
 - Locomotive repower delayed due to additional funding opportunities and lack of railcar volumes
 - Some projects transitioned from 2017 to 2018
- 4. No incentive allowance accruing due to lack of intermodal volumes**
- 5. Lower taxes from lower revenue generation**

2017/2018 Biennium Forecast vs. Budget

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All \$'s in 1,000s
2/26/2018

	2017 Budget	2017 Forecast	2017 Difference	2018 Budget	2018 Forecast	2018 Difference	Budget Biennium	Adjusted Forecast	Biennium Difference	Biennium Diff. (%)
Revenue										
Switching Revenue	\$ 28,735	\$ 26,649	\$ (2,086)	\$ 28,993	\$ 25,778	\$ (3,214)	\$ 57,728	\$ 52,427	\$ (5,301)	-9% (1)
Demurrage Fees	1,150	1,244	94	1,150	1,108	(42)	2,300	2,352	52	2%
Locomotive Servicing	1,865	2,597	732	1,865	2,097	232	3,729	4,694	964	26% (2)
Other	261	104	(157)	261	311	50	522	415	(107)	-21%
Total Operating Revenue	\$ 32,011	\$ 30,594	\$ (1,417)	\$ 32,268	\$ 29,294	\$ (2,974)	\$ 64,279	\$ 59,888	\$ (4,392)	-7%
Interest	102	105	3	102	97	(5)	204	202	(2)	-1%
Rent & Misc Income	1,080	1,109	29	1,080	1,068	(12)	2,160	2,177	17	1%
Total Revenue & Avail Funds	\$ 33,193	\$ 31,808	(1,385)	\$ 33,450	\$ 30,459	\$ (2,992)	\$ 66,643	\$ 62,267	\$ (4,376)	-7%
Expenditures										
Personnel Costs	\$ 15,500	\$ 15,113	\$ (386)	\$ 16,044	\$ 15,541	\$ (503)	\$ 31,544	\$ 30,654	\$ (889)	-3%
Supplies, Other Services	8,862	9,043	181	8,843	9,542	699	17,705	18,585	880	5%
Current Fund Capital Outlay	1,664	9	(1,654)	2,635	3,023	388	4,299	3,032	(1,267)	-29% (3)
Debt Service	895	842	(54)	905	905	(0)	1,800	1,746	(54)	-3%
Incentive Allowance	2,500	1,250	(1,250)	2,500	-	(2,500)	5,000	1,250	(3,750)	-75% (4)
Taxes	3,136	2,981	(155)	3,160	2,851	(309)	6,296	5,832	(464)	-7% (5)
Total Expenditures	\$ 32,556	\$ 29,238	\$ (3,318)	\$ 34,087	\$ 31,862	\$ (2,225)	\$ 66,643	\$ 61,100	\$ (5,543)	-8%
Total Revenues Less Expenditures	\$ 637	\$ 2,570	\$ 1,933	\$ (637)	\$ (1,403)	\$ (766)	\$ (0)	\$ 1,167	\$ 1,167	
Appropriation from Current Fund	\$ (637)	\$ (1,937)	\$ (1,300)	\$ 637	\$ 1,438	\$ 802	\$ -	\$ (1,937)	\$ (1,937)	
Capital Outlay Financing Detail										
Funded from Current Fund	\$ 1,664	\$ 9	\$ (1,654)	\$ 2,635	\$ 3,023	\$ 388	\$ 4,299	\$ 3,032	\$ (1,267)	-29%
Grants, Transfers & Pledges	-	36	36	400	250	(150)	400	286	(114)	-28%
Funded from New Debt	311	708	396	650	-	(650)	961	708	(254)	-26%
Total Capital Outlay	\$ 1,975	\$ 753	\$ (1,222)	\$ 3,685	\$ 3,273	\$ (412)	\$ 5,660	\$ 4,026	\$ (1,634)	-29%
Starting Cash Balance	\$ 5,963	\$ 5,963	-	\$ 6,600	\$ 7,900	1,300	\$ 5,963	\$ 5,963	0%	0%
EOY Current Fund Balance	\$ 6,600	\$ 7,900	1,300	\$ 5,963	\$ 6,461	498	\$ 5,963	\$ 6,461	8%	8%

- 1. Switching revenue increase**
 - Intermodal volumes adjusted up
 - Oil train volumes adjusted up
- 2. Cost control on personnel costs**
- 3. Supplies increase mostly due to locomotive servicing activities**
- 4. Increase in cash balance from previous projection**
 - 60 days of budget is \$5.48 million

2/2017 vs. Qtr 4/2017 Outlook

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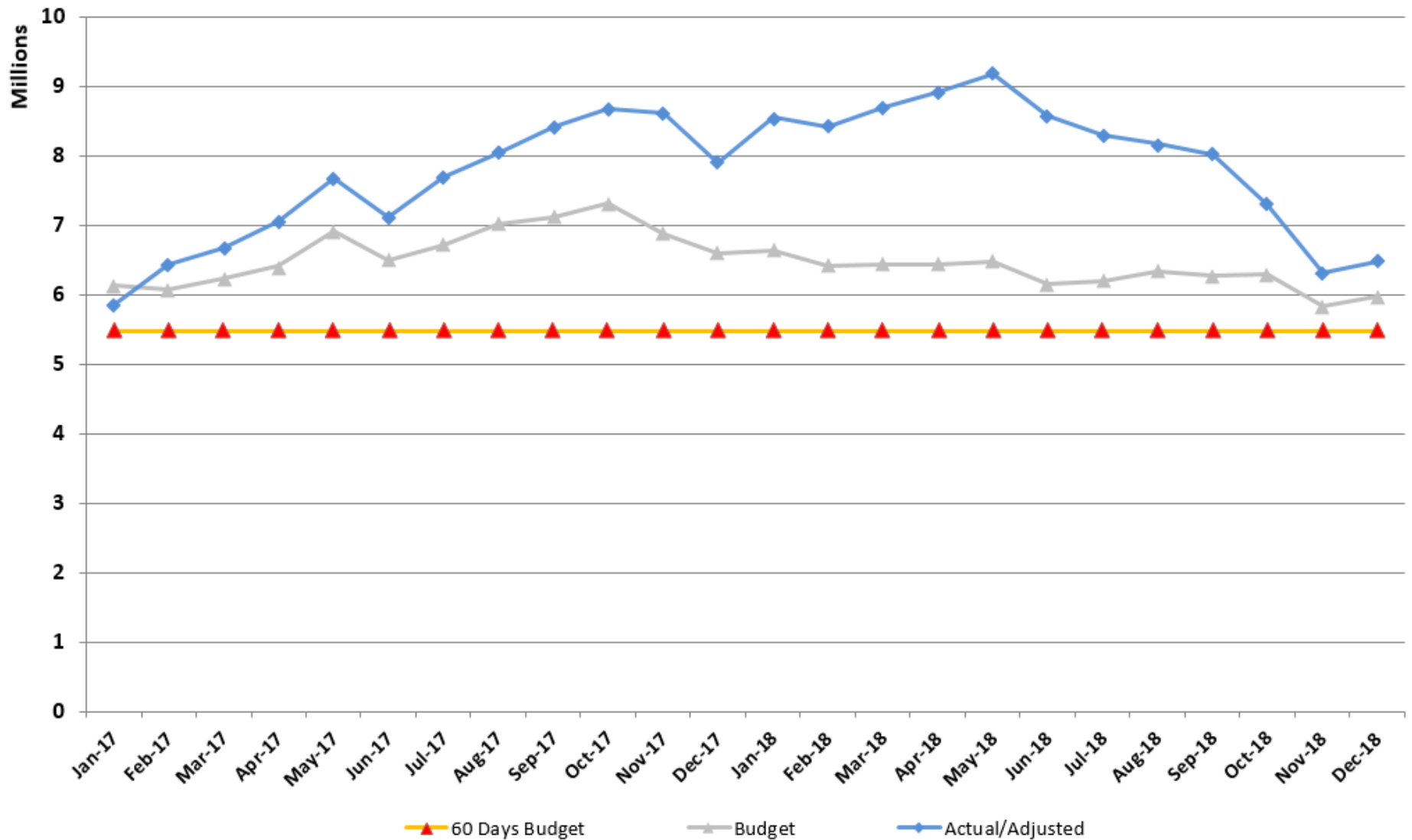
All \$'s in 1,000s
2/26/2018

	Previous Forecast Biennium	Current Forecast Biennium	Biennium Diff.	Biennium Diff. (%)
Revenue				
Switching Revenue	51,607	52,427	820	2% (1)
Demurrage Fees	2,376	2,352	(24)	-1%
Locomotive Servicing	4,089	4,694	605	15%
Other	464	415	(49)	-11%
Interest	195	202	7	4%
Rent & Misc Income	2,223	2,177	(46)	-2%
Total Revenue & Avail Funds	\$ 60,954	\$ 62,267	1,313	2%
Expenditures				
Personnel Costs	\$ 31,224	\$ 30,654	\$ (570)	-2% (2)
Supplies, Other Services	17,808	18,585	777	4% (3)
Current Fund Capital Outlay	3,028	3,032	4	0%
Debt Service	1,746	1,746	0	0%
Volume Incentive	1,250	1,250	-	0%
Taxes	5,751	5,832	81	1%
Total Expenditures	\$ 60,807	\$ 61,100	293	0%
Total Revenues Less Expenditures	\$ 147	\$ 1,167	\$ 1,020	694%
EOB Current Fund Balance	\$ 5,806	\$ 6,461	\$ 655	11% (4)

2017/2018 Projected Liquidity Balance

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2/26/2018







Performance Metrics Update

4th Quarter 2017

February 28, 2018

Performance Metrics Summary

Quarter 4, 2017 Performance Metrics Report Tacoma Public Utilities			
 TACOMA POWER TACOMA PUBLIC UTILITIES		 TACOMA WATER TACOMA PUBLIC UTILITIES	
Financial Performance: Power		Water	
1 Debt Service Coverage	●	1 Debt Service Coverage	●
2 Liquidity - Days Cash on Hand	●	2 Liquidity - Days Cash on Hand	●
3 Budget Performance	●	3 Budget Performance	●
Operational Excellence: Power		Water	
4 Residential Bill Comparison	●	4 Residential Bill Comparison	●
5 O&M Cost per Customer ↓	●	5 O&M Cost per Account ↑	●
6 Outage Duration	●	6 Unplanned Service Disruptions	●
7 Outage Frequency	●	7 Distribution System Leakage	●
8 Non-Carbon Power Resources	●	8 Regulatory Compliance	●
9 Power Conservation	●	9 Water Conservation	●
Commitment to Cust & Employees: Power		Water	
10 Customer Satisfaction	●	10 Customer Satisfaction	●
11 Employee Satisfaction	TBD	11 Employee Satisfaction	TBD
12 Employee Safety	●	12 Employee Safety	●
13 Call Center Responsiveness ▲	●	13 Call Center Responsiveness ▲	●
		14 Technical Service Complaints	●
		Rail	
		1 Debt Service Coverage	N/A
		2 Liquidity - Days Cash on Hand	●
		3 Budget Performance	●
		4 Railroad Tariffs Comparison	●
		5 Operating Ratio	●
		6 Revenue Moves per Shift	●
		7 On-Time Switching	●
		8 Diesel Conversion	●
		8b Storm Water Remediation	●

Some Highlights:

❖ Financial Metrics –

- All in green territory – Same status as prior report

❖ Operational Metrics – Mostly green status

- O&M benchmarking (Water and Power slight changes)
- Water Conservation – new measure in development

Highlights (continued):

❖ Customer and Employee Metrics

- Customer Satisfaction
- Employee Satisfaction
- Call Center – new standard this quarter
- Technical Service Complaints (water)
- Employee Safety (TPU-wide) – improving

Further Questions?

Quarter 4, 2017
Performance Metrics Report
Tacoma Public Utilities



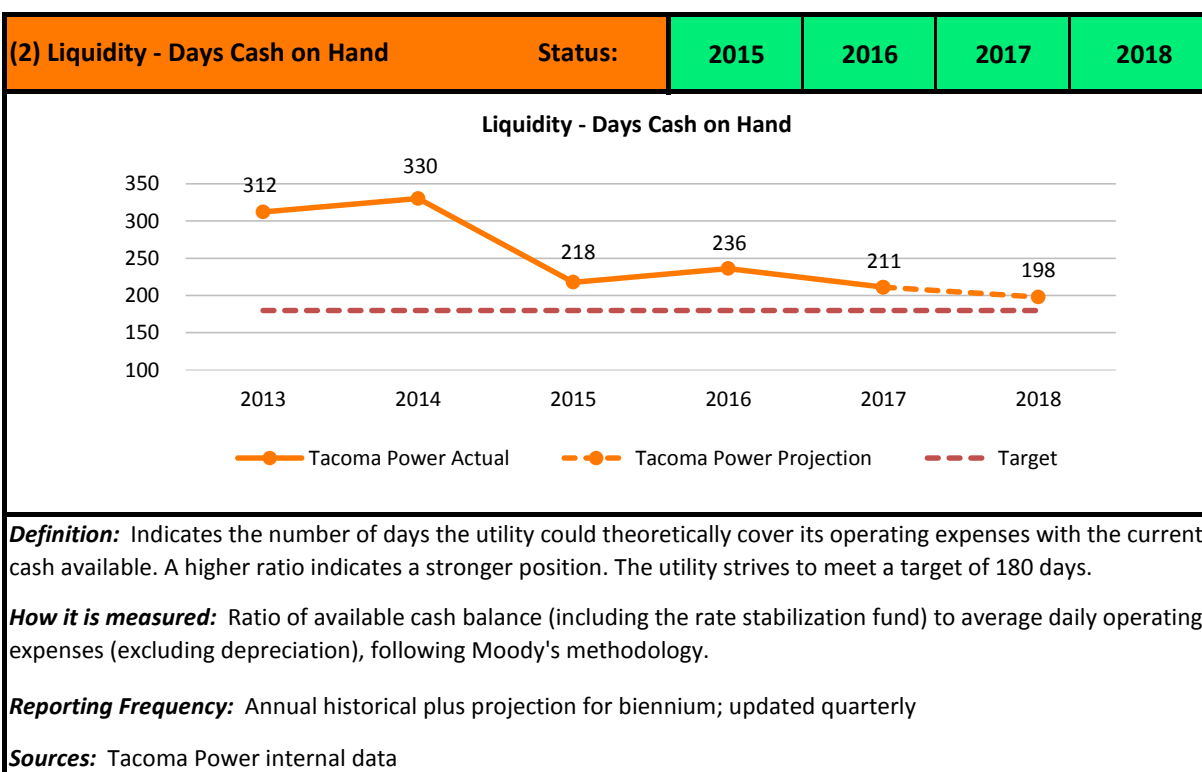
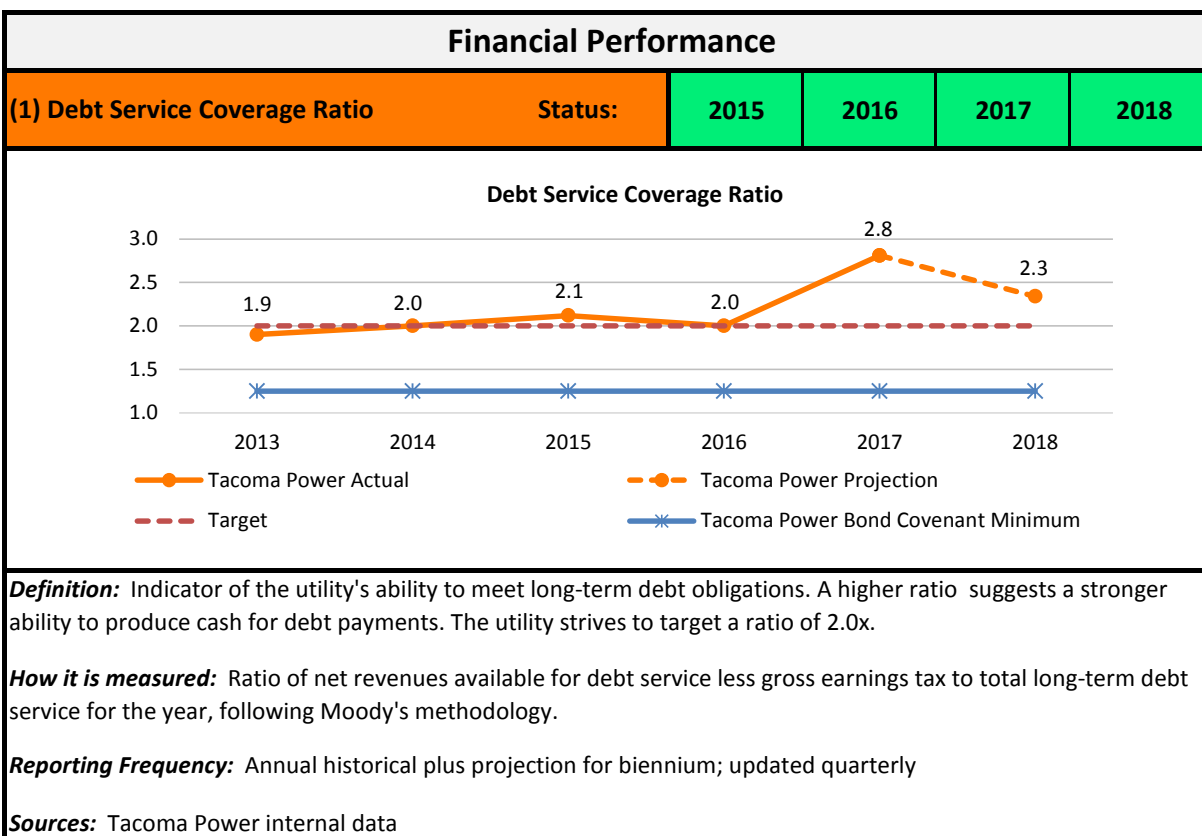
Financial Performance:		Power	Water		Rail			
1	Debt Service Coverage	<div></div>	1	Debt Service Coverage	<div></div>	1	Debt Service Coverage	<div>N/A</div>
2	Liquidity - Days Cash on Hand	<div></div>	2	Liquidity - Days Cash on Hand	<div></div>	2	Liquidity - Days Cash on Hand	<div></div>
3	Budget Performance	<div></div>	3	Budget Performance	<div></div>	3	Budget Performance	<div></div>
Operational Excellence:		Power	Water		Rail			
4	Residential Bill Comparison	<div></div>	4	Residential Bill Comparison	<div></div>	4	Railroad Tariffs Comparison	<div></div>
5	O&M Cost per Customer	<div>↓</div> <div></div>	5	O&M Cost per Account	<div>↑</div> <div></div>	5	Operating Ratio	<div></div>
6	Outage Duration	<div></div>	6	Unplanned Service Disruptions	<div></div>	6	Revenue Moves per Shift	<div></div>
7	Outage Frequency	<div></div>	7	Distribution System Leakage	<div></div>	7	On-Time Switching	<div></div>
8	Non-Carbon Power Resources	<div></div>	8	Regulatory Compliance	<div></div>	8a	Diesel Conversion	<div></div>
9	Power Conservation	<div></div>	9	Water Conservation	<div></div>	8b	Storm Water Remediation	<div></div>
Commitment to Cust & Employees:		Power	Water		Rail			
10	Customer Satisfaction	<div></div>	10	Customer Satisfaction	<div></div>	10	Customer Satisfaction	<div></div>
11	Employee Satisfaction	<div>TBD</div>	11	Employee Satisfaction	<div>TBD</div>	11	Employee Satisfaction	<div>TBD</div>
12	Employee Safety	<div></div>	12	Employee Safety	<div>↑</div> <div></div>	12	Employee Safety	<div></div>
13	Call Center Responsiveness	<div>▲</div> <div></div>	13	Call Center Responsiveness	<div>▲</div> <div></div>			
			14	Technical Service Complaints	<div></div>			

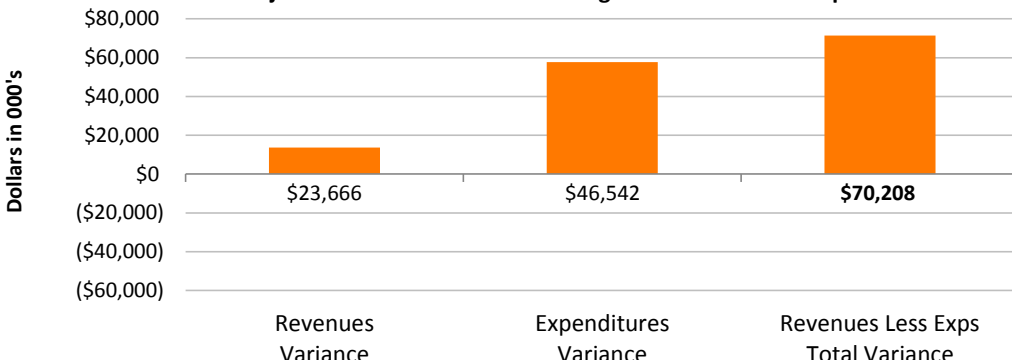
Parameters for TPU Metrics' Status Indicators

Tacoma Power - Financial Performance		Tacoma Water - Financial Performance		Tacoma Rail - Financial Performance	
1 <i>Debt Service Coverage</i>	<ul style="list-style-type: none"> ● ≥ 2.0x policy minimum ● < policy min but above bond covenant ● Below 1.25x bond covenant 	1 <i>Debt Service Coverage</i>	<ul style="list-style-type: none"> ● ≥ 1.5x policy minimum ● < policy min but above bond covenant ● Below 1.25x bond covenant 	1 <i>Debt Service Coverage</i>	<ul style="list-style-type: none"> ● ≥ 1.5x policy minimum ● NA ● Below 1.5x policy minimum
2 <i>Days Cash on Hand</i>	<ul style="list-style-type: none"> ● ≥ 160 days (150-250 desired range) ● Between 90 and 160 days ● Below 90 days 	2 <i>Days Cash on Hand</i>	<ul style="list-style-type: none"> ● ≥ 60 days minimum ● Between 36 and 60 days (60% of min) ● Below 36 days 	2 <i>Days Cash on Hand</i>	<ul style="list-style-type: none"> ● ≥ 60 days ● Between 36 and 60 days (60% of min) ● Below 36 days
3 <i>Budget Performance</i>	<ul style="list-style-type: none"> ● Positive variance to budget ● Negative var within 5% of exp budget ● Negative var > 5% of exp budget 	3 <i>Budget Performance</i>	<ul style="list-style-type: none"> ● Positive variance to budget ● Negative var within 5% of exp budget ● Negative var > 5% of exp budget 	3 <i>Budget Performance</i>	<ul style="list-style-type: none"> ● Positive variance to budget ● Negative var within 5% of exp budget ● Negative var > 5% of exp budget
Tacoma Power - Operational Excellence		Tacoma Water - Operational Excellence		Tacoma Rail - Operational Excellence	
4 <i>Residential Bill Comparison</i>	<ul style="list-style-type: none"> ● Below (better than) regional mean ● Up to 10% over regional mean ● ≥ 10% over regional mean 	4 <i>Residential Bill Comparison</i>	<ul style="list-style-type: none"> ● Below (better than) regional mean ● Up to 10% over regional mean ● ≥ 10% over regional mean 	4 <i>Railroad Tariffs Comparison</i>	<ul style="list-style-type: none"> ● Below (better than) NOPB tariffs ● Between NOPB and PTRAs ● Above PTRAs tariffs
5 <i>O&M Cost per Customer</i>	<ul style="list-style-type: none"> ● Below (better than) West Region median ● Up to 10% over West Region median ● > 10% over West Region median 	5 <i>O&M Cost per Account</i>	<ul style="list-style-type: none"> ● Below (better than) industry median ● Up to 10% over industry median ● > 10% over industry median 	5 <i>Operating Ratio</i>	<ul style="list-style-type: none"> ● < 95% operating ratio ● Between 95% and 105% ● > 105%
6 <i>Outage Duration</i>	<ul style="list-style-type: none"> ● ≤ 90% of target (lower is better) ● Between 90% and 100% of target ● Above target 	6 <i>Unplanned Service Disruptions</i>	<ul style="list-style-type: none"> ● Below industry median (lower is better) ● Within 3rd best quartile ● Within least favorable quartile 	6 <i>Revenue Moves per Shift</i>	<ul style="list-style-type: none"> ● > 55 car or platform moves per shift ● Between 50 and 55 ● Below 50
7 <i>Outage Frequency</i>	<ul style="list-style-type: none"> ● ≤ 90% of target (lower is better) ● Between 90% and 100% of target ● Above target 	7 <i>Distribution System Leakage</i>	<ul style="list-style-type: none"> ● ≤ 10% leakage (state regulatory max) ● Between 10% and 15% ● At or above 15% 	7 <i>On-Time Switching</i>	<ul style="list-style-type: none"> ● > 85% fulfillment ● Between 75% and 85% ● Below 75%
8 <i>Non-Carbon Power Resources</i>	<ul style="list-style-type: none"> ● ≥ 100% 'green' resources to retail load ● Between 90% and 100% ● Below 90% 	8 <i>Regulatory Compliance</i>	<ul style="list-style-type: none"> ● 100% compliance ● NA ● Anything short of 100% compliance 	8a <i>Diesel Conversion</i>	<ul style="list-style-type: none"> ● Locomotive upgrades at latest EPA stds ● NA ● Locomotive upgrades short of EPA stds
9 <i>Power Conservation</i>	<ul style="list-style-type: none"> ● ≥ 100% of conservation target ● NA ● Below 100% of target 	9 <i>Water Conservation</i>	<ul style="list-style-type: none"> ● ≥ cumulative conservation target ● Between 2011 baseline of 0% & target ● Below 2011 baseline of 0% 	8b <i>Storm Water Remediation</i>	<ul style="list-style-type: none"> ● Runoff is compliant per Dept of Ecology ● NA ● Non-compliant with storm water permit
Tacoma Power - Commitment to Cust. & Employees		Tacoma Water - Commitment to Cust. & Employees		Tacoma Rail - Commitment to Cust. & Employees	
10 <i>Customer Satisfaction</i>	<ul style="list-style-type: none"> ● ≥ 70% satisfaction ● Between 60% and 70% ● Below 60% 	10 <i>Customer Satisfaction</i>	<ul style="list-style-type: none"> ● ≥ 70% satisfaction ● Between 60% and 70% ● Below 60% 	9 <i>Customer Satisfaction</i>	<ul style="list-style-type: none"> ● ≥ 3.0 mean score ● Between 2.0 and 3.0 ● Below 2.0
11 <i>Employee Satisfaction</i>	<ul style="list-style-type: none"> ● ≥ 70% satisfaction ● Between 60% and 70% ● Below 60% 	11 <i>Employee Satisfaction</i>	<ul style="list-style-type: none"> ● ≥ 70% satisfaction ● Between 60% and 70% ● Below 60% 	10 <i>Employee Satisfaction</i>	<ul style="list-style-type: none"> ● ≥ 70% satisfaction ● Between 60% and 70% ● Below 60%
12 <i>Employee Safety</i>	<ul style="list-style-type: none"> ● ≤ APPA median ● Between 100% and 150% of median ● > 150% of median 	12 <i>Employee Safety</i>	<ul style="list-style-type: none"> ● ≤ Bureau of Labor Stats 5 year mean ● Between 100% and 150% of mean ● > 150% of mean 	11 <i>Employee Safety</i>	<ul style="list-style-type: none"> ● ≤ industry mean ● Between 100% and 150% of mean ● > 150% of mean
13 <i>Call Center Responsiveness</i>	<ul style="list-style-type: none"> ● ≥ 75% ● Between 65% and 75% ● Below 65% 	13 <i>Call Center Responsiveness</i>	<ul style="list-style-type: none"> ● ≥ 75% target ● Between 65% and 75% ● Below 65% 		
		14 <i>Technical Service Complaints</i>	<ul style="list-style-type: none"> ● Below (better than) industry median ● Up to 10% over industry median ● > 10% over industry median 		



Performance Metrics Summary



(3) Revenues Less Expenditures Projection vs. Budget		Status:	Biennium Projection								
<p>Projected 2017-18 Variance to Budget - Revenues Less Expenditures</p>  <table><tr><th>Category</th><th>Variance (Dollars in 000's)</th></tr><tr><td>Revenues Variance</td><td>\$23,666</td></tr><tr><td>Expenditures Variance</td><td>\$46,542</td></tr><tr><td>Revenues Less Exps Total Variance</td><td>\$70,208</td></tr></table>				Category	Variance (Dollars in 000's)	Revenues Variance	\$23,666	Expenditures Variance	\$46,542	Revenues Less Exps Total Variance	\$70,208
Category	Variance (Dollars in 000's)										
Revenues Variance	\$23,666										
Expenditures Variance	\$46,542										
Revenues Less Exps Total Variance	\$70,208										
<p>Definition: Measures Tacoma Power's projected biennial financial performance as compared to its approved budget. The measure compares projected "revenues less expenditures" for the biennium. A projection which is favorable to budget is preferable.</p> <p>How it is measured: Projected revenues less projected expenditures for the biennium are compared to budgeted revenues less expenditures. Projections consider actual to-date results plus generally conservative assumptions for future performance.</p> <p>Reporting Frequency: Quarterly updates of biennium projection</p> <p>Sources: Tacoma Power internal data</p>											

Operational Excellence

(4) Residential Monthly Bill 1,000 kWh

Status:

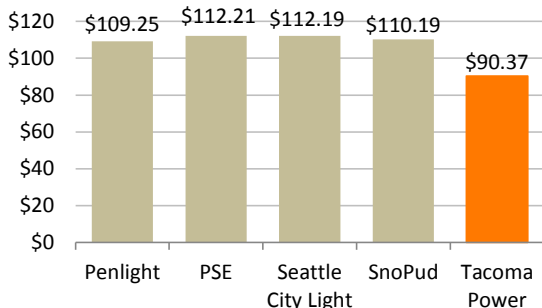
2014

2015

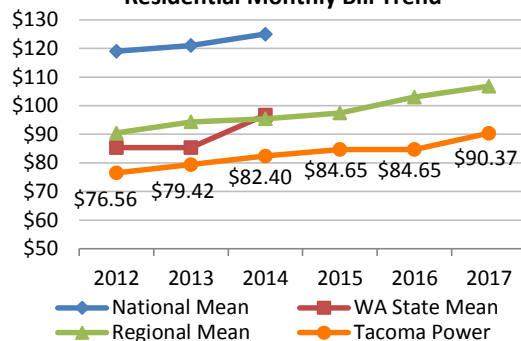
2016

2017

2017 Residential Monthly Bill: Regional



Residential Monthly Bill Trend



Definition: Measures and compares the monthly power bill for residential customers based on usage of 1,000 kilowatt hours. A lower bill is favorable for customers, all other things being equal.

How it is measured: Equals the residential fixed monthly customer charge plus the energy and delivery residential rates x 1,000 kWh.

Reporting Frequency: Annual, or as rates change

Sources: Power internal data and published rate schedules of Peninsula Light (Penlight), Puget Sound Energy (PSE), Seattle City Light, and Snohomish County PUD (SnoPud). Regional mean is the average of the five utilities shown.

(5) Total O & M Cost per Retail Customer (excl. Power Supply)

Status:

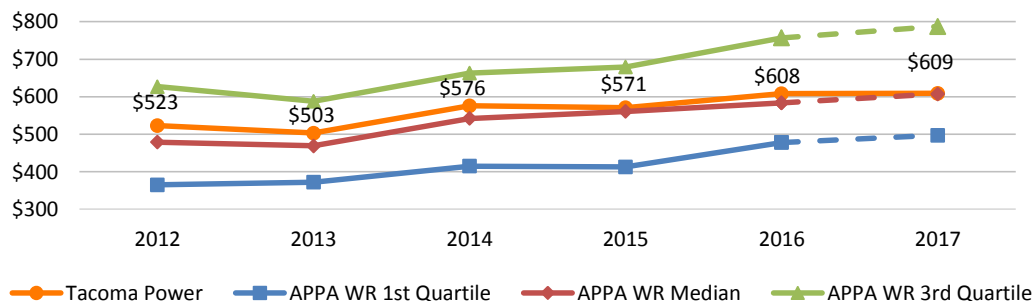
2014

2015

2016

2017

O&M Cost (Excl. Power Supply Exp.) per Retail Customer

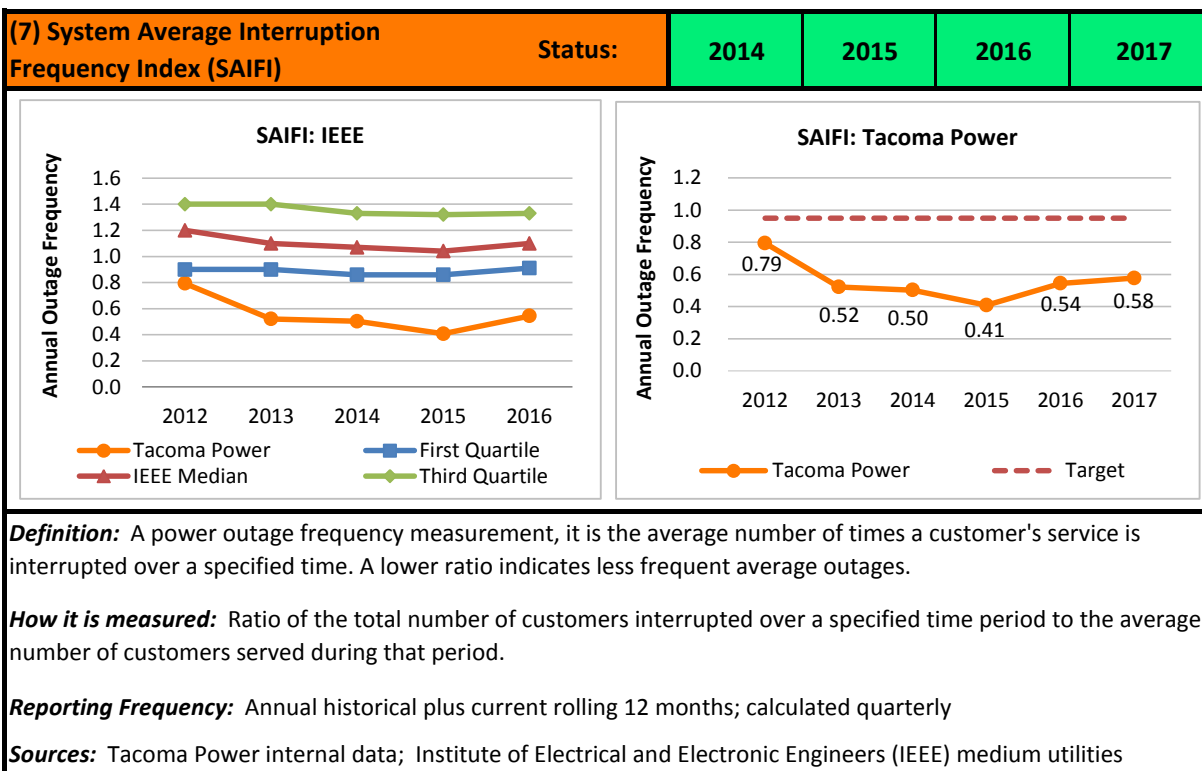
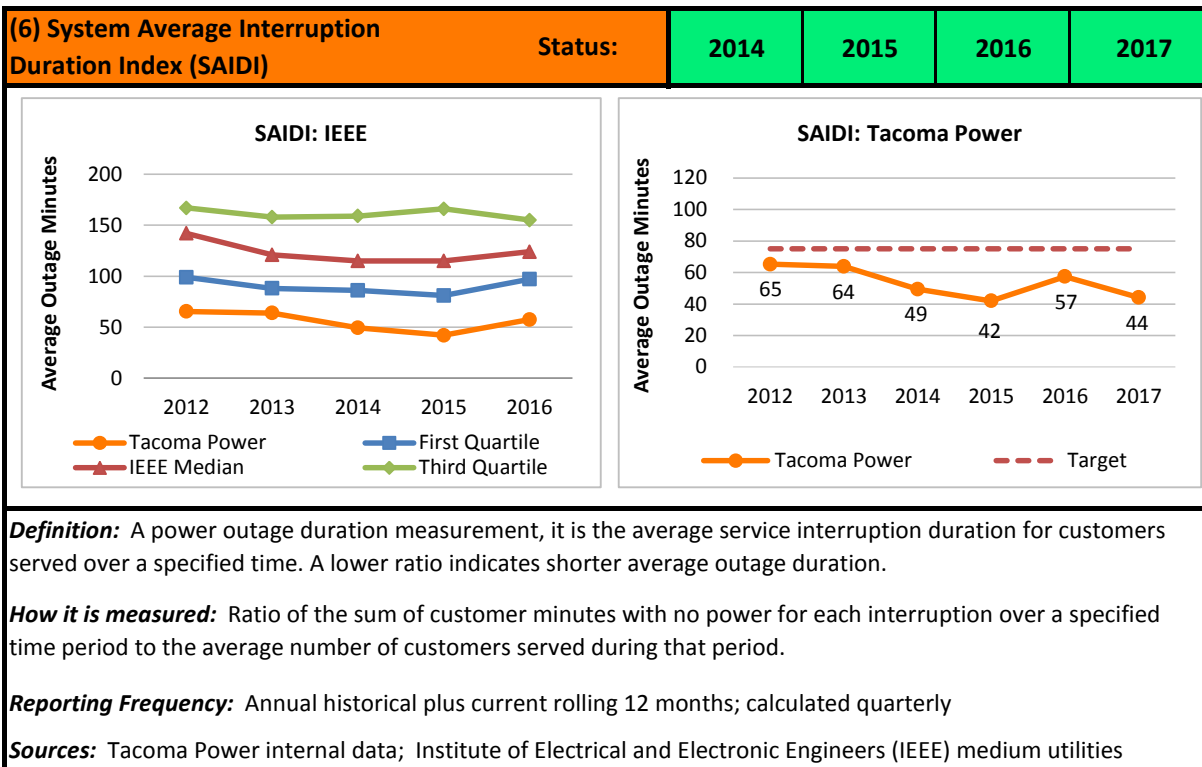


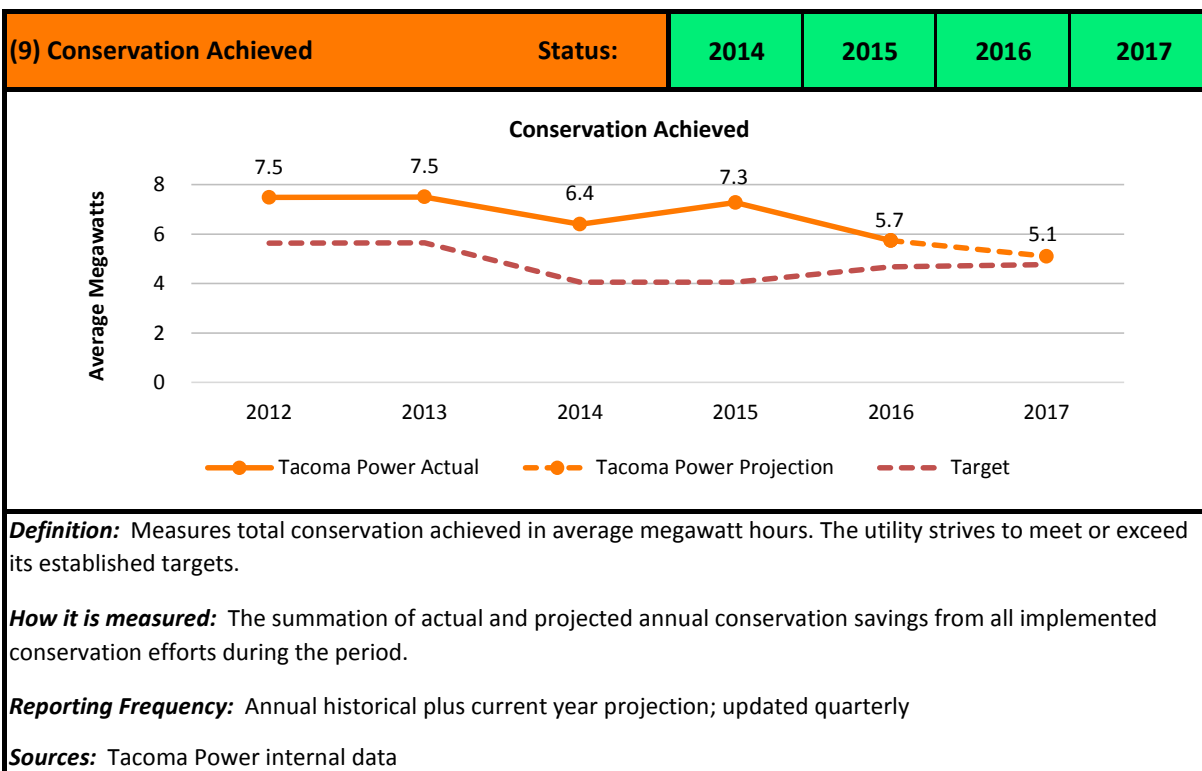
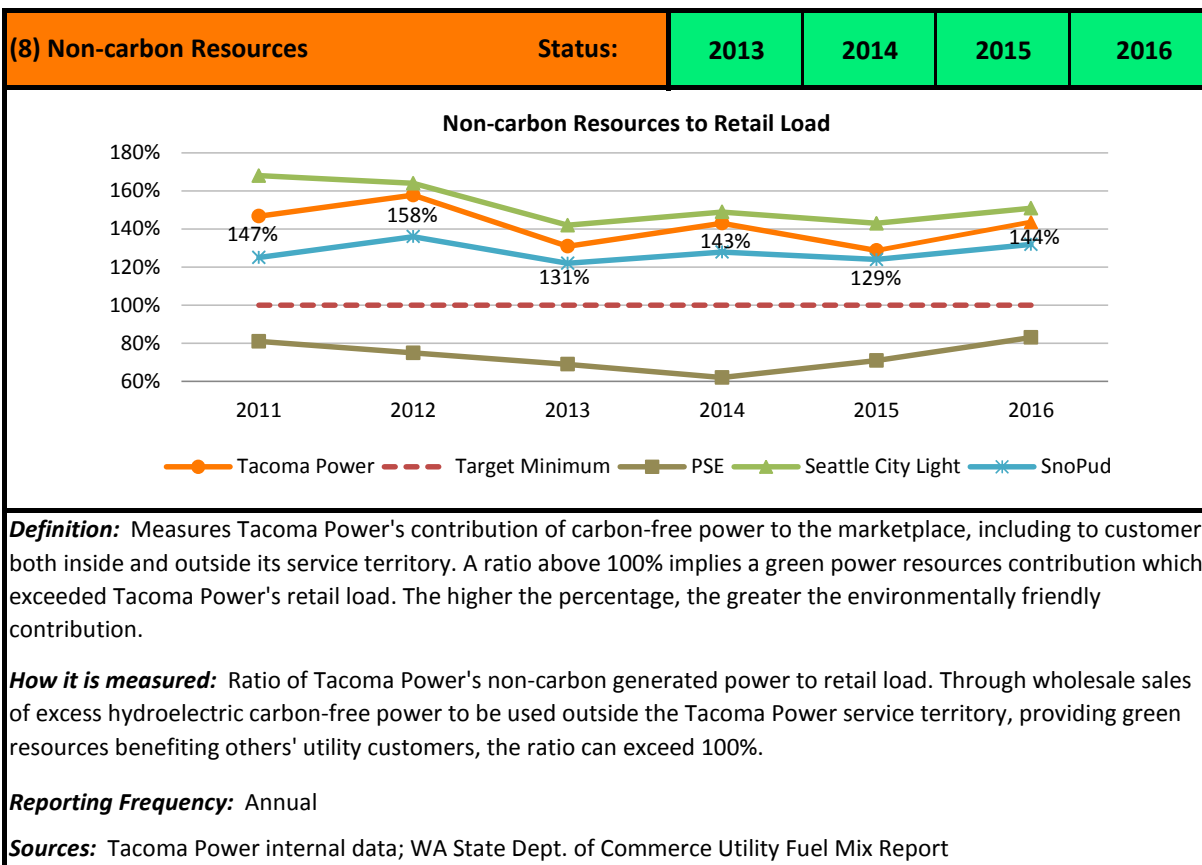
Definition: Measures the utility's operation and maintenance (O&M) cost, excluding power supply costs which vary greatly by utility, per retail customer account.

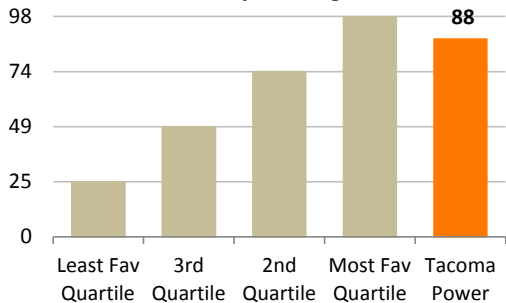
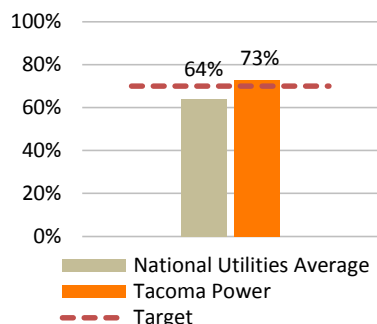
How it is measured: Ratio of electric O&M expenses (excluding the costs of power supply/conservation) to the total number of retail customer accounts.

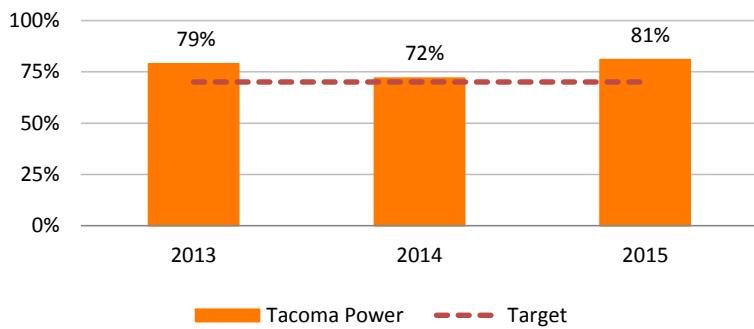
Reporting Frequency: Annual historical plus current rolling 12 months; calculated quarterly

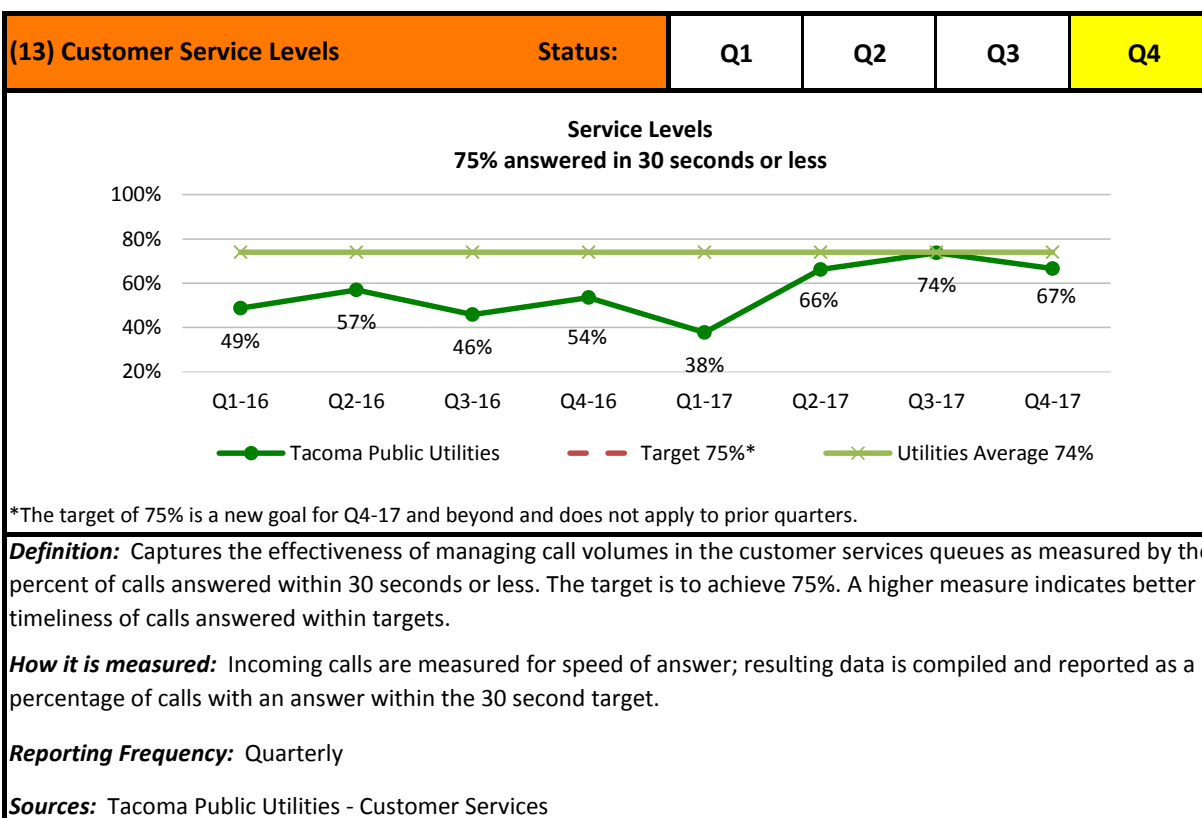
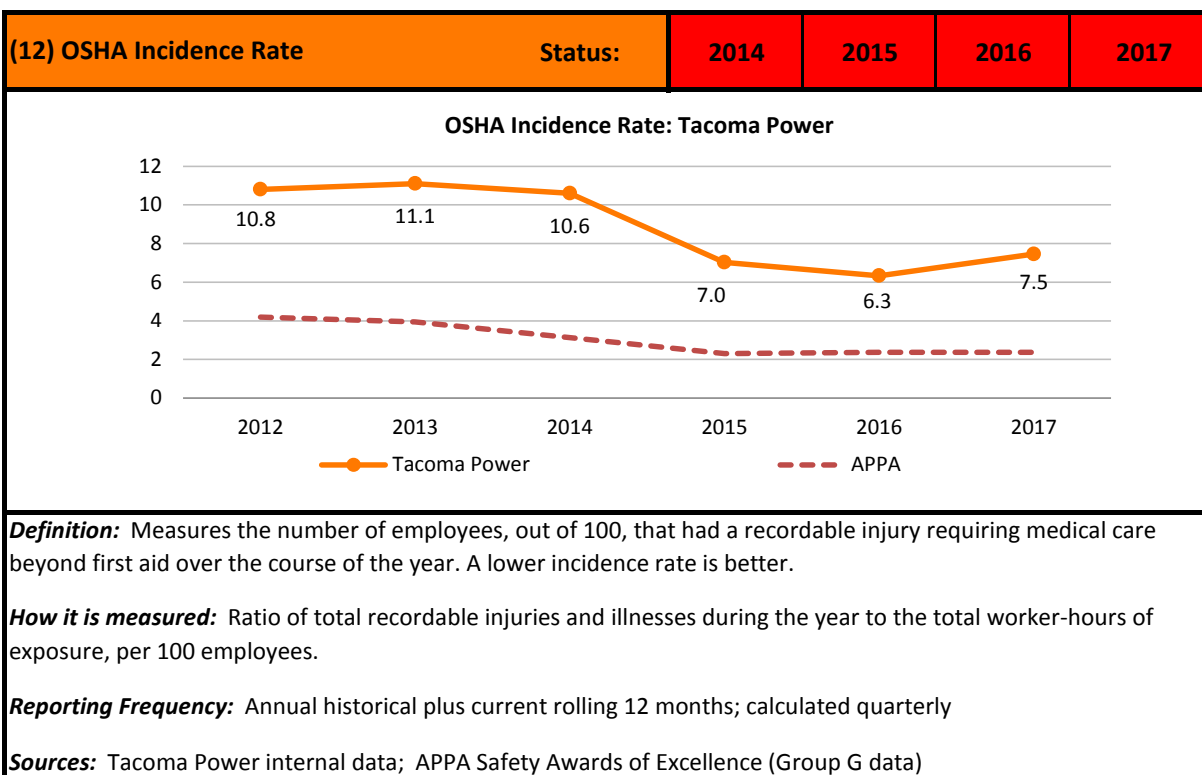
Sources: Tacoma Power internal data; American Public Power Association (APPA) Selected Financial and Operating Ratios of Public Power Systems. APPA benchmark is West Region (WR) and the 2016 WR Median is escalated 4% annually thereafter.





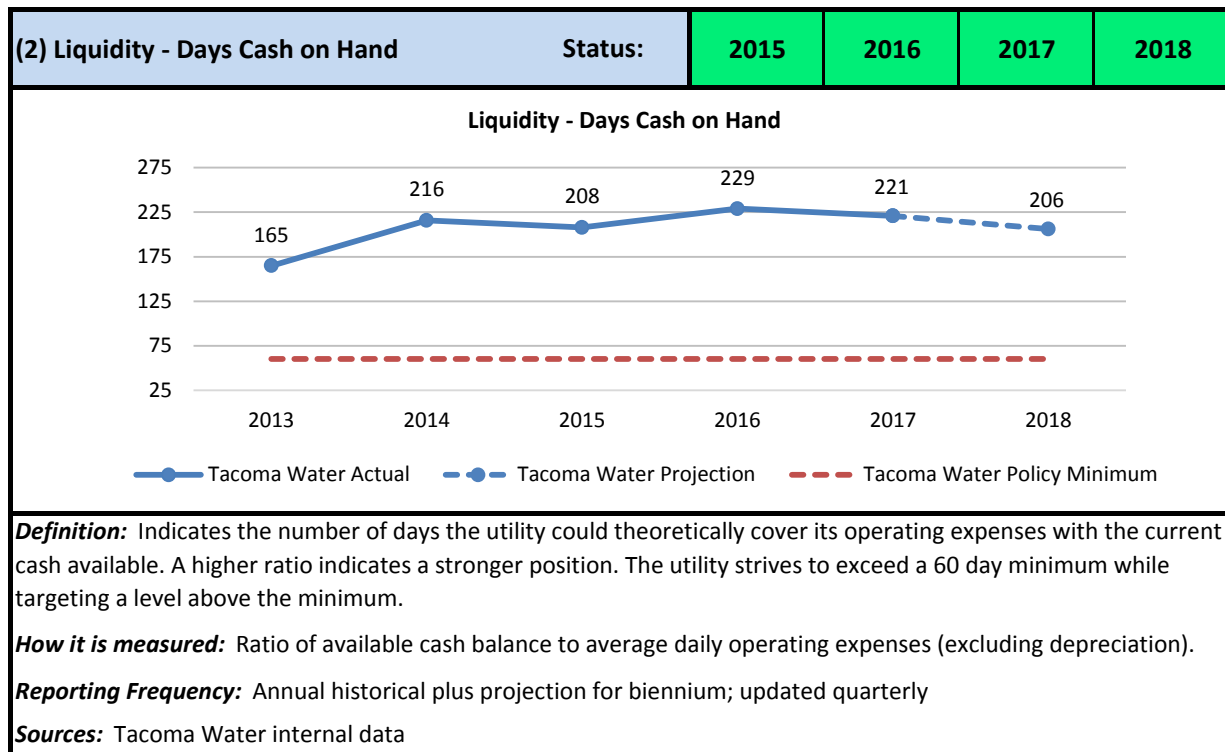
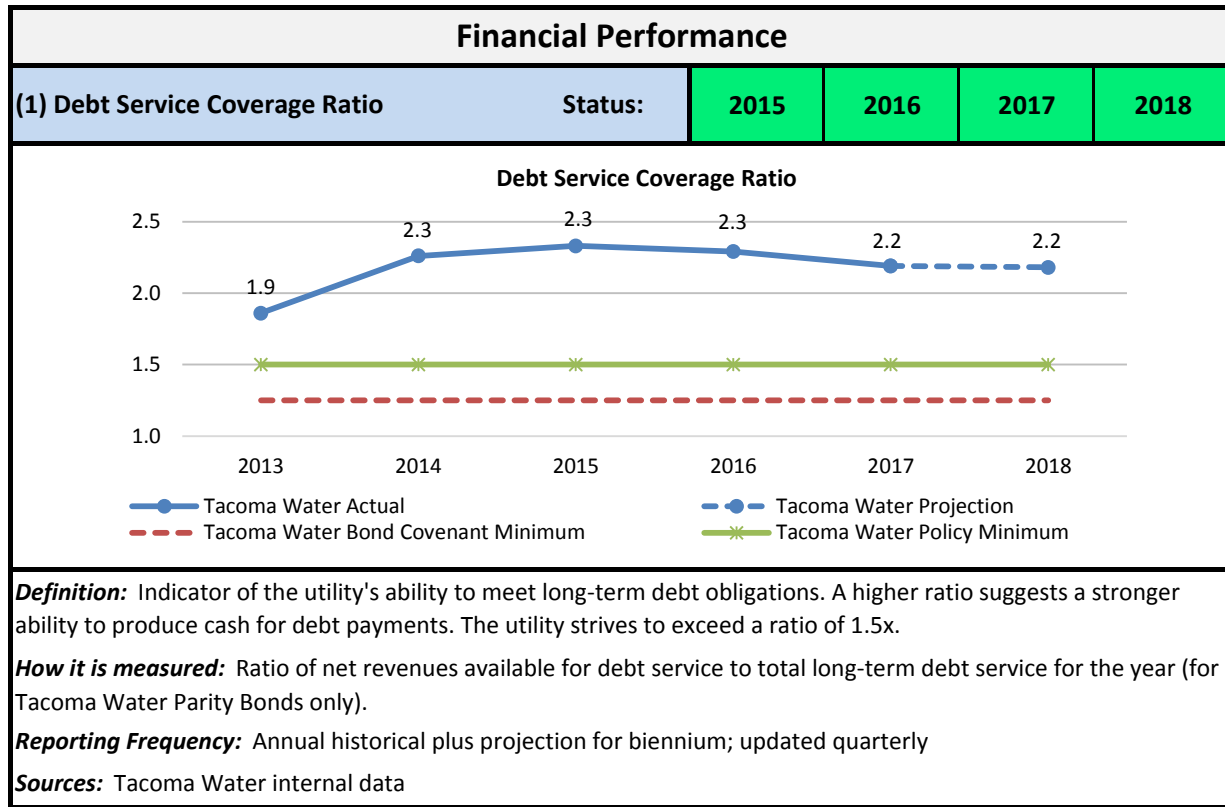
Commitment to Customers & Employees																								
(10) Customer Satisfaction	Status:	2016	2017																					
<div><div><div>2017 Overall Satisfaction: Industry Ranking</div><table><caption>2017 Overall Satisfaction: Industry Ranking</caption><thead><tr><th>Category</th><th>Score</th></tr></thead><tbody><tr><td>Least Fav Quartile</td><td>25</td></tr><tr><td>3rd Quartile</td><td>49</td></tr><tr><td>2nd Quartile</td><td>74</td></tr><tr><td>Most Fav Quartile</td><td>98</td></tr><tr><td>Tacoma Power</td><td>88</td></tr></tbody></table></div><div><div>2017 Overall Satisfaction with Electric Service: Tacoma Power</div><table><caption>2017 Overall Satisfaction with Electric Service: Tacoma Power</caption><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>National Utilities Average</td><td>64%</td></tr><tr><td>Tacoma Power</td><td>73%</td></tr><tr><td>Target</td><td>70%</td></tr></tbody></table></div></div>		Category	Score	Least Fav Quartile	25	3rd Quartile	49	2nd Quartile	74	Most Fav Quartile	98	Tacoma Power	88	Category	Percentage	National Utilities Average	64%	Tacoma Power	73%	Target	70%			
Category	Score																							
Least Fav Quartile	25																							
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2nd Quartile	74																							
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Tacoma Power	88																							
Category	Percentage																							
National Utilities Average	64%																							
Tacoma Power	73%																							
Target	70%																							
<p>Definition: Measures customers' overall satisfaction with electric service provided by Tacoma Power. Based on a customer survey using a 0 to 10 scale, with 10 being most highly satisfied. A higher score indicates greater overall satisfaction.</p> <p>How it is measured: Percentage of total responses receiving a score of 8, 9 or 10.</p> <p>Reporting Frequency: Updated with each newly conducted survey; expected to be annual</p> <p>Sources: Tacoma Public Utilities Residential Customer Satisfaction Baseline Survey; Market Strategies International (MSI) National Energy Utility Benchmarking</p>																								

(11) Employee Satisfaction		Status:	2013	2014	2015	2016										
<div><p>Tacoma Power Employee Overall Satisfaction</p><table><thead><tr><th>Year</th><th>Percentage</th></tr></thead><tbody><tr><td>2013</td><td>79%</td></tr><tr><td>2014</td><td>72%</td></tr><tr><td>2015</td><td>81%</td></tr><tr><td>Target</td><td>75%</td></tr></tbody></table></div>							Year	Percentage	2013	79%	2014	72%	2015	81%	Target	75%
Year	Percentage															
2013	79%															
2014	72%															
2015	81%															
Target	75%															
<p>Definition: Measures employees' overall satisfaction with working at Tacoma Power based on an independently conducted employee survey. A higher score indicates greater overall employee satisfaction.</p> <p>How it is measured: Percentage of total responses receiving a score of 4 or 5, using a 1 to 5 scale with 5 being extremely satisfied.</p> <p>Reporting Frequency: Updated with each newly conducted survey; expected to be annual</p> <p>Sources: TPU Annual All-Employee Engagement Survey</p>																





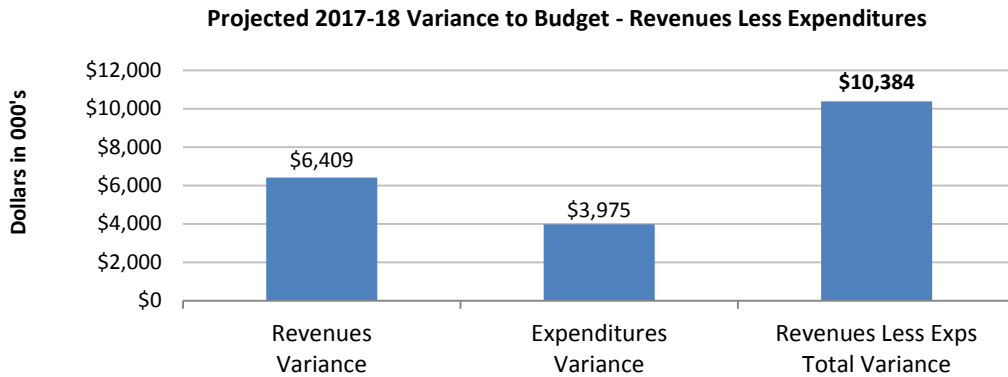
Performance Metrics Summary



**(3) Revenues Less Expenditures
Projection vs. Budget**

Status:

Biennium Projection



Definition: Measures Tacoma Water's projected biennial financial performance as compared to its approved budget. The measure compares projected "revenues less expenditures" for the biennium. A projection which is favorable to budget is preferable.

How it is measured: Projected revenues less projected expenditures for the biennium are compared to budgeted revenues less expenditures. Projections consider actual to-date results plus generally conservative assumptions for future performance.

Reporting Frequency: Quarterly updates of biennium projection

Sources: Tacoma Water internal data

Operational Excellence

(4) Average Residential Monthly Bill

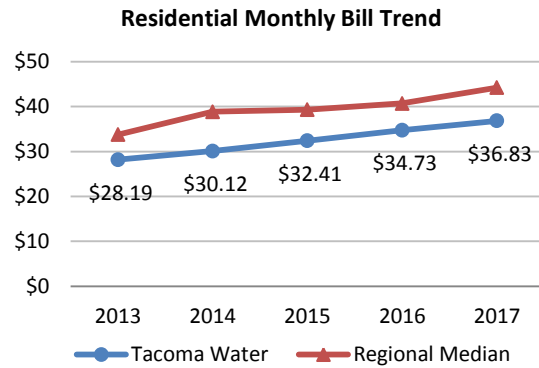
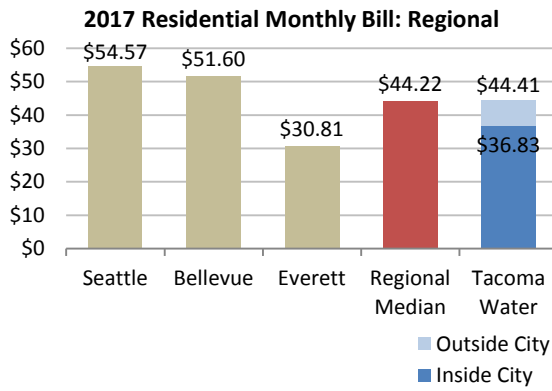
Status:

2014

2015

2016

2017



Definition: Measures and compares the monthly weighted average water bill for residential customers.

How it is measured: Total cost of the monthly fixed charge for 5/8" meter plus the volumetric charge based on average residential demand for that year.

Reporting Frequency: Annual, or as rates change

Sources: Tacoma Water internal data and published rate schedules of the regional water utilities shown.

(5) Total O & M Cost per Retail Customer

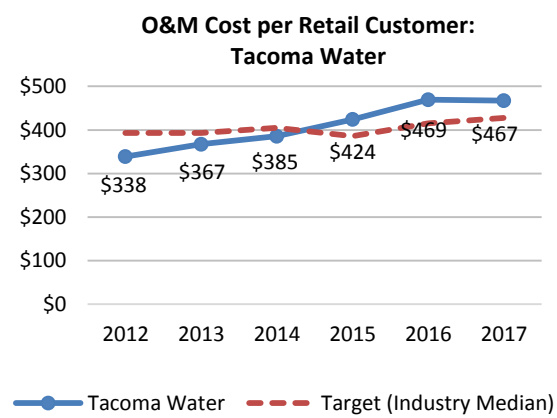
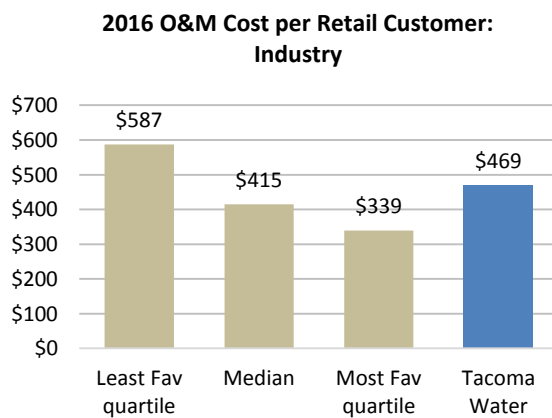
Status:

2014

2015

2016

2017

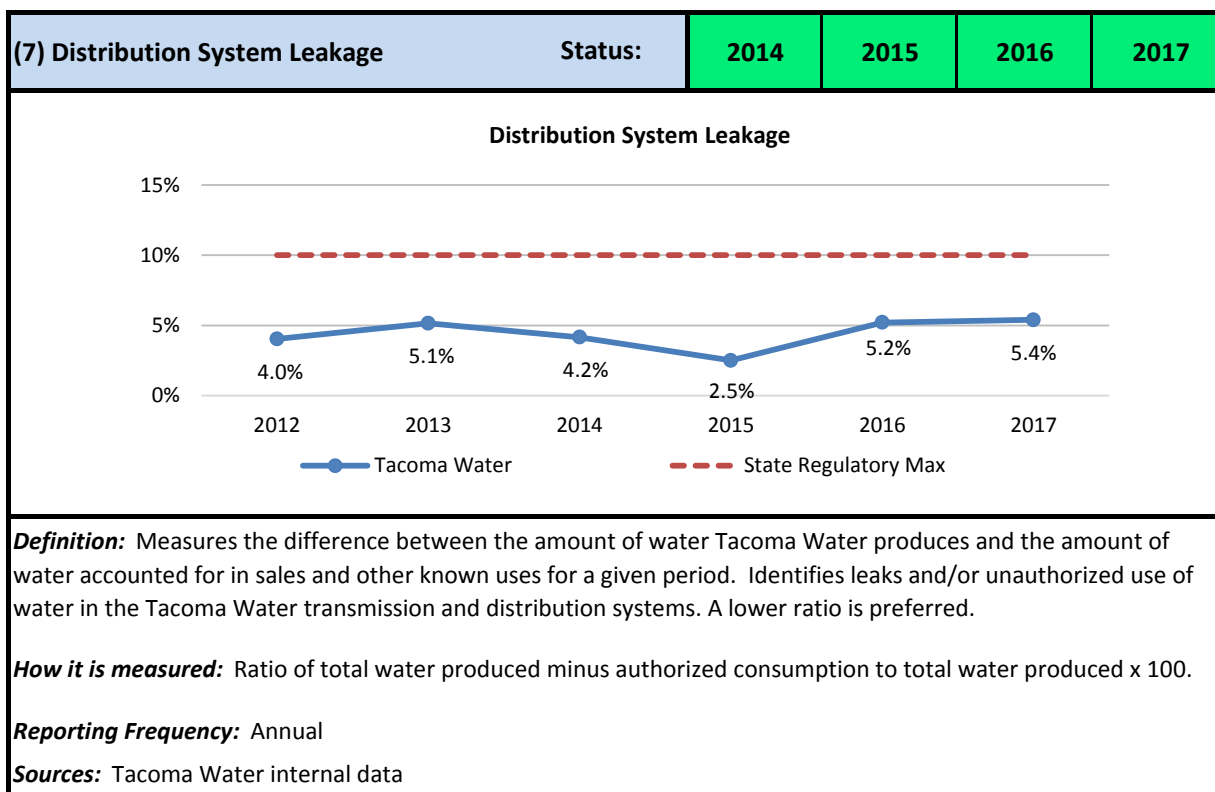
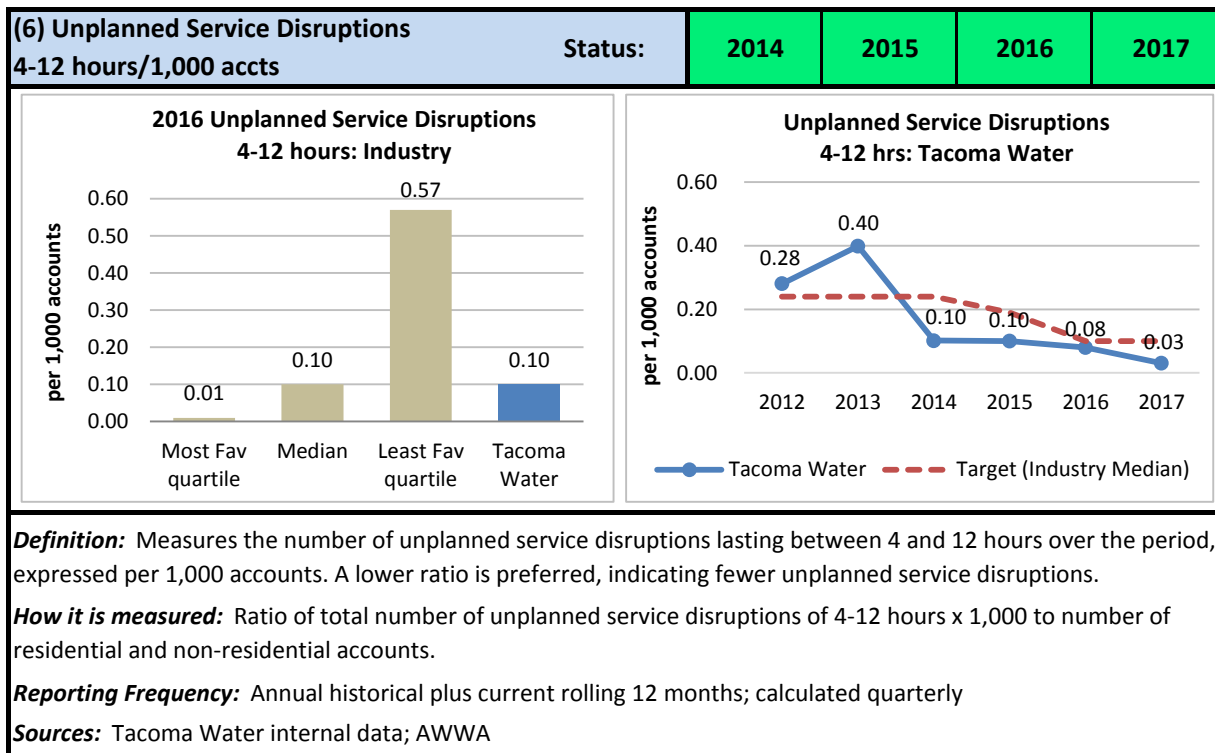


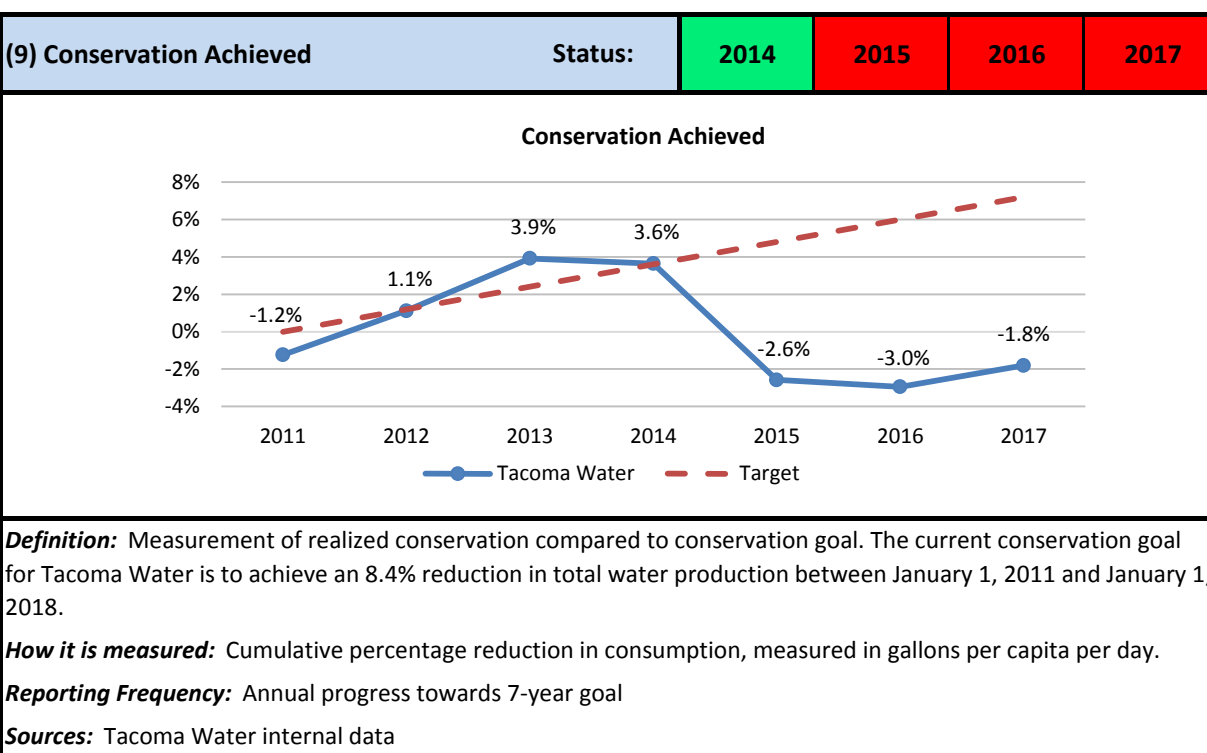
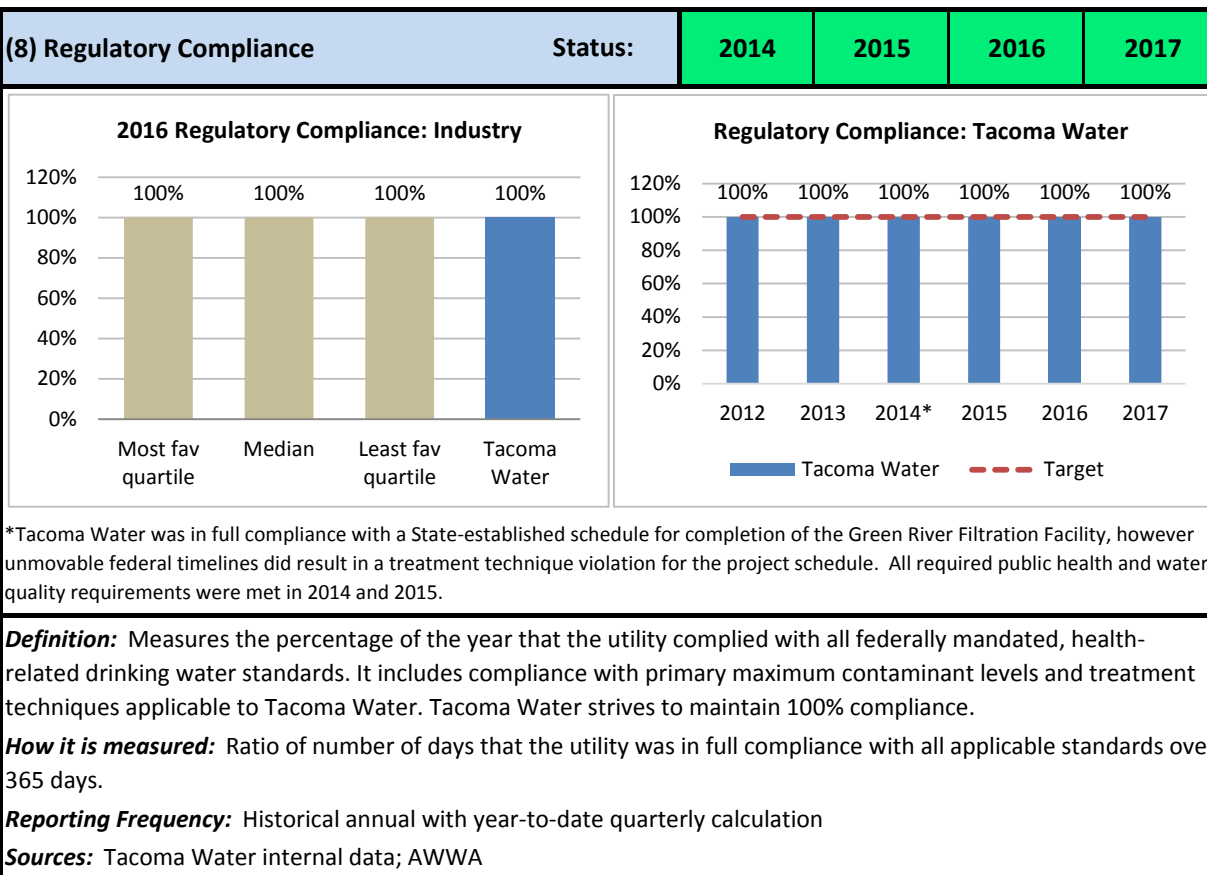
Definition: Measures the utility's operation and maintenance (O&M) cost per retail customer account.

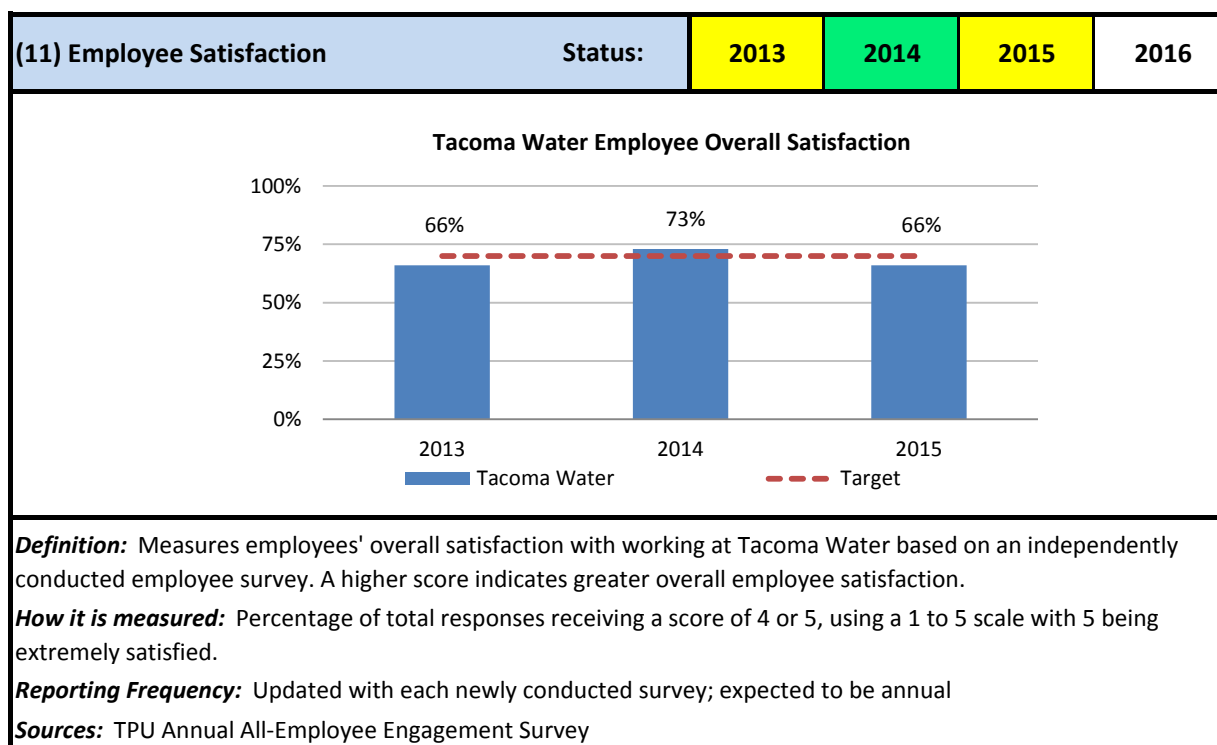
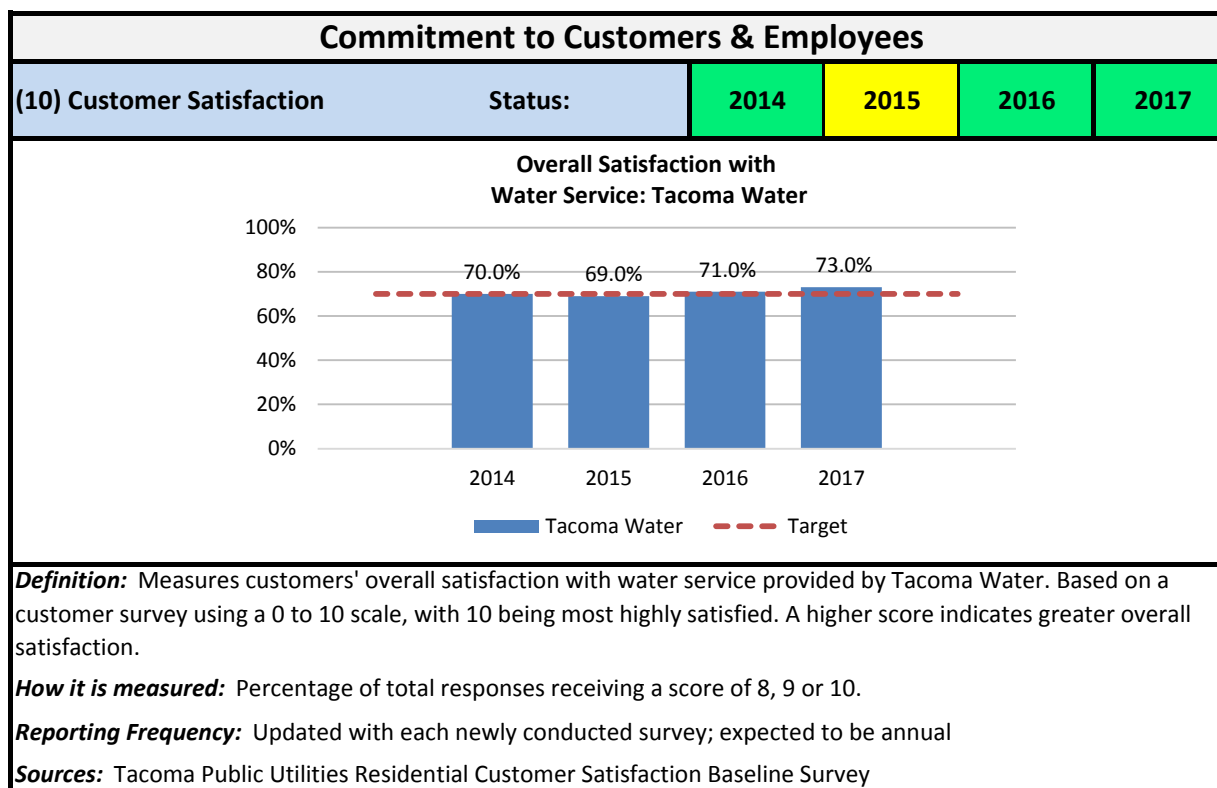
How it is measured: Ratio of total O&M costs minus depreciation to the total number of retail customer accounts.

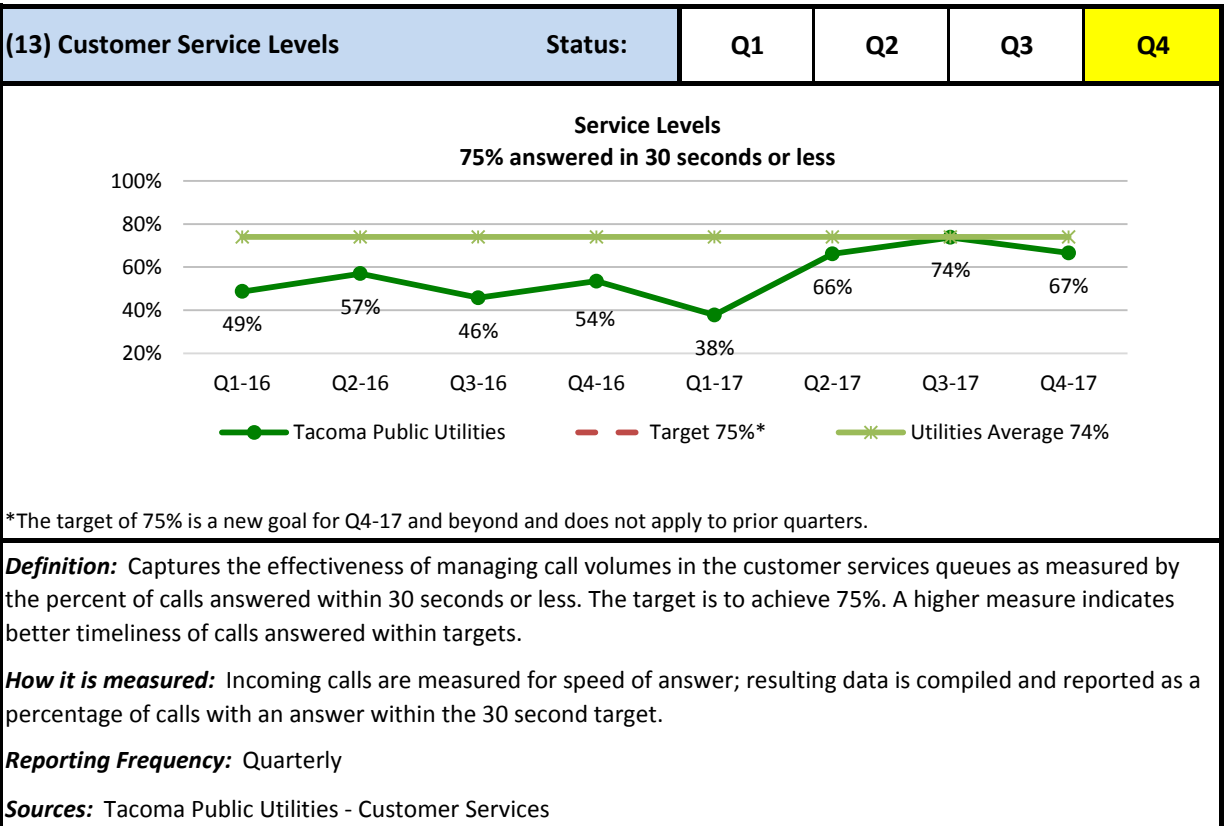
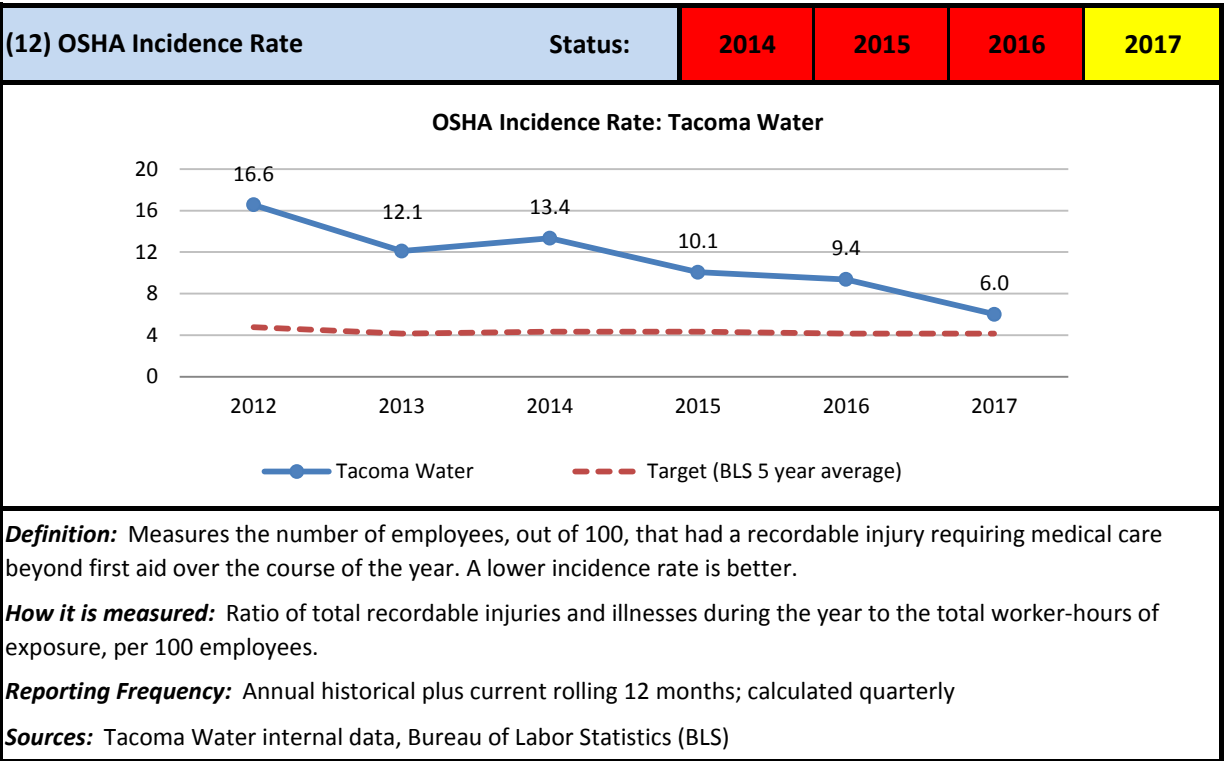
Reporting Frequency: Annual historical plus current rolling 12 months; calculated quarterly

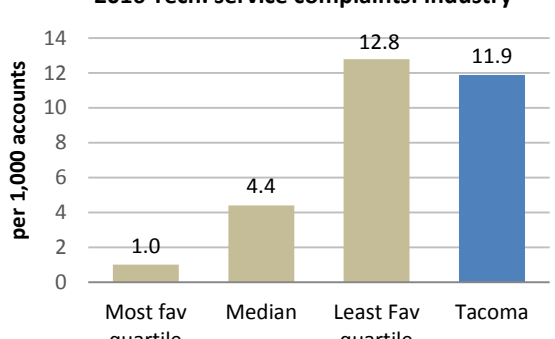
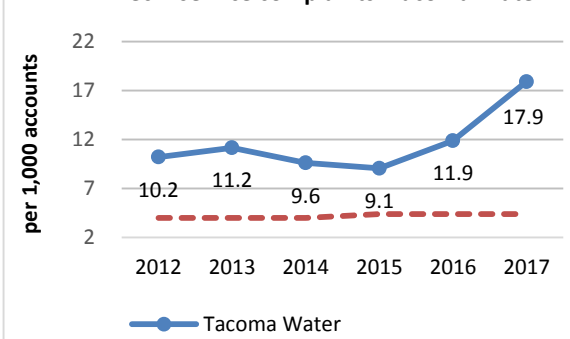
Sources: Tacoma Water internal data; AWWA. The 2016 Industry median is escalated 3% annually thereafter to reflect basic cost inflation.



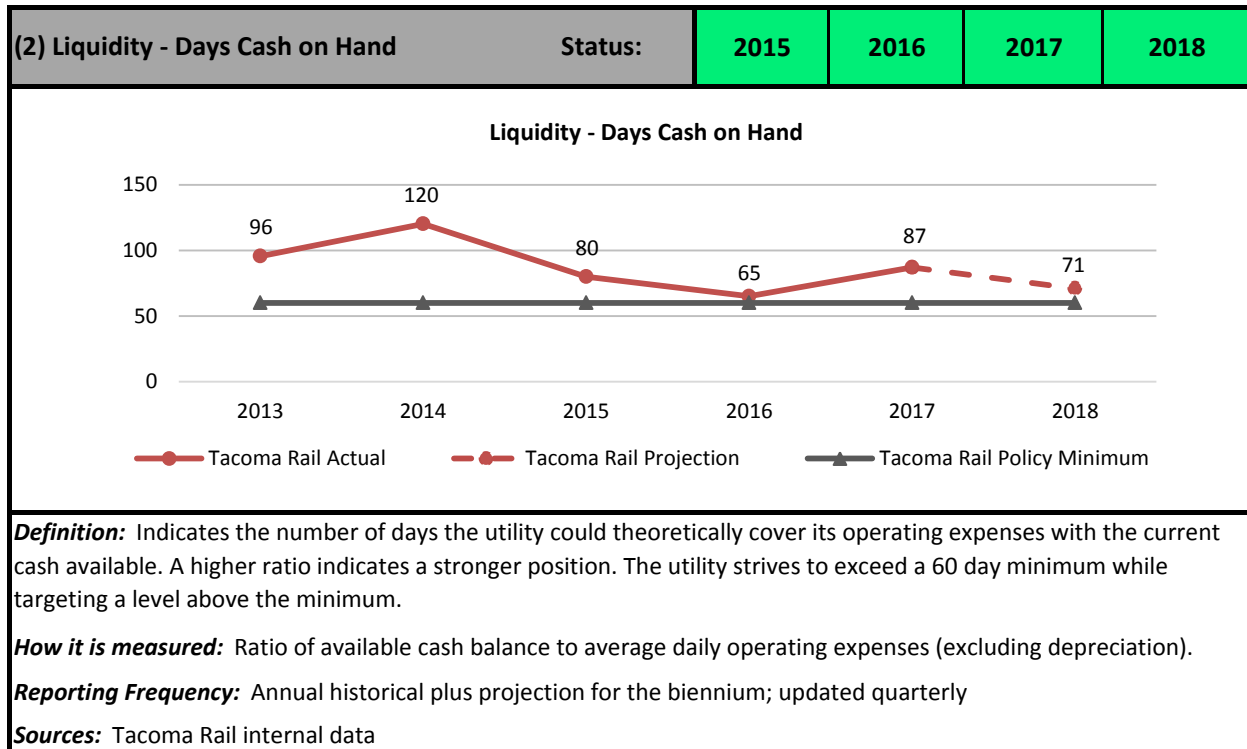
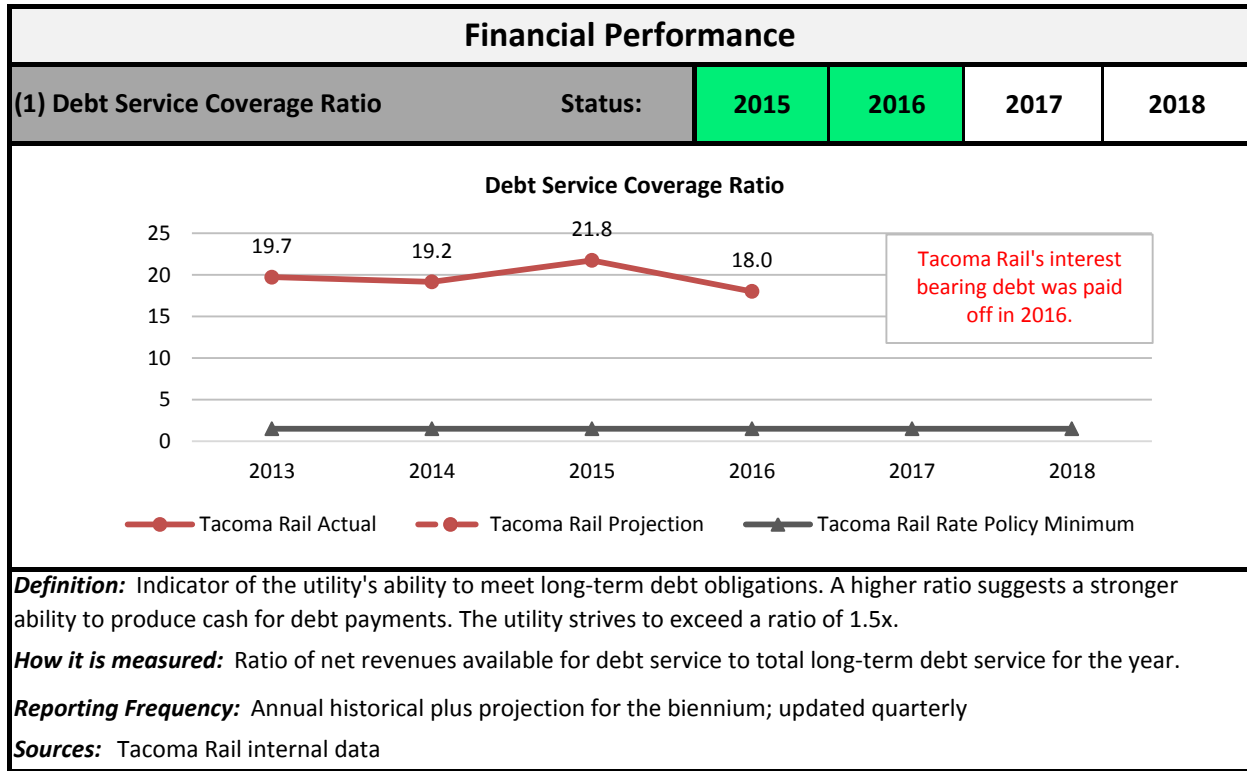


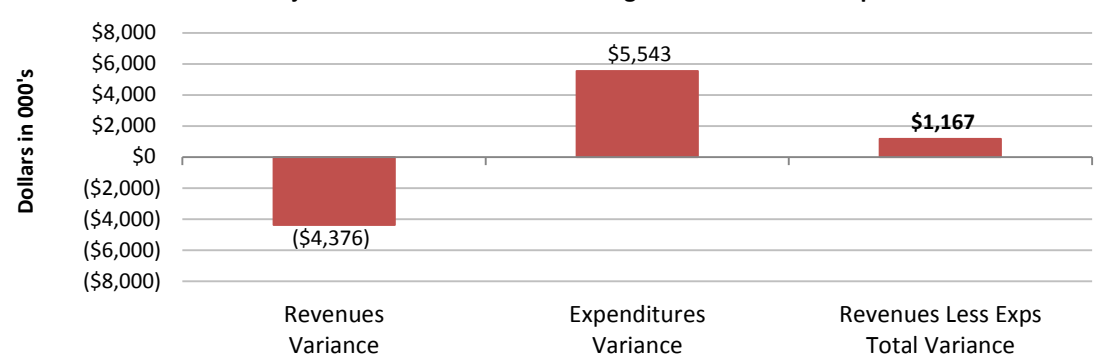


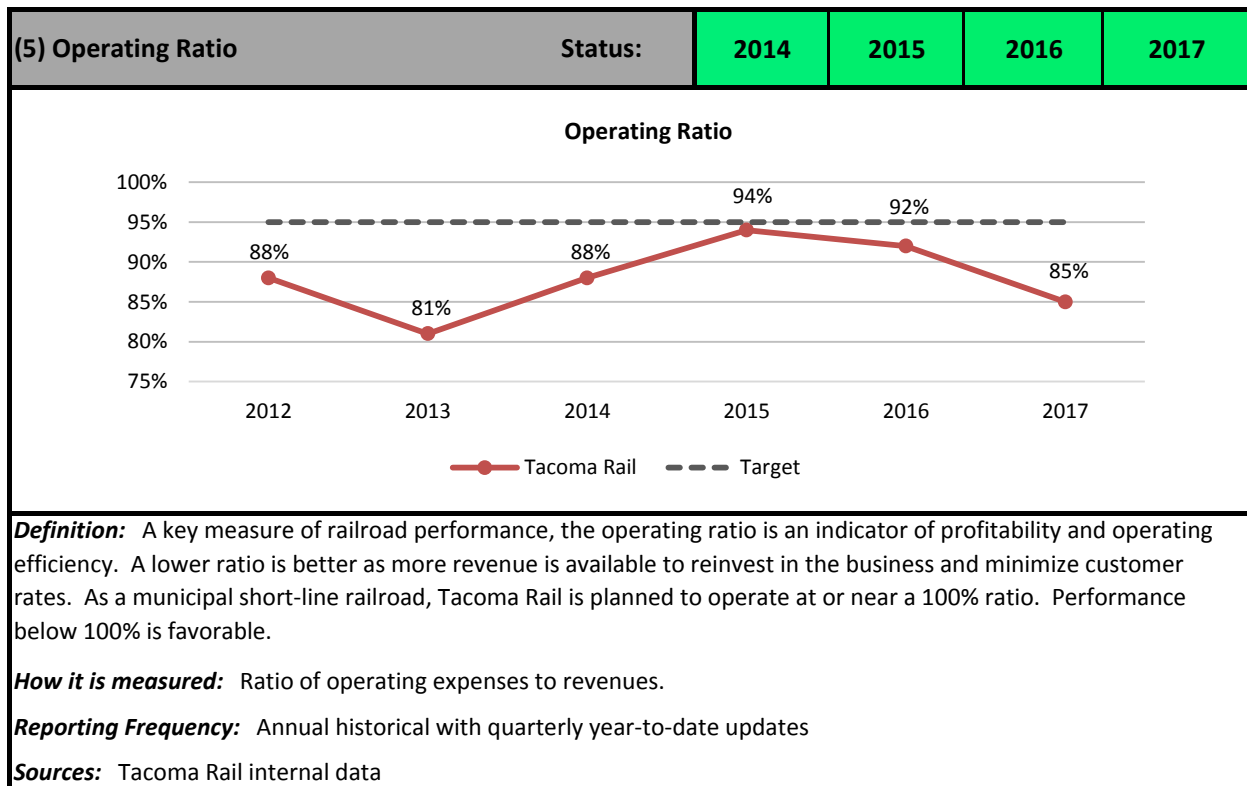
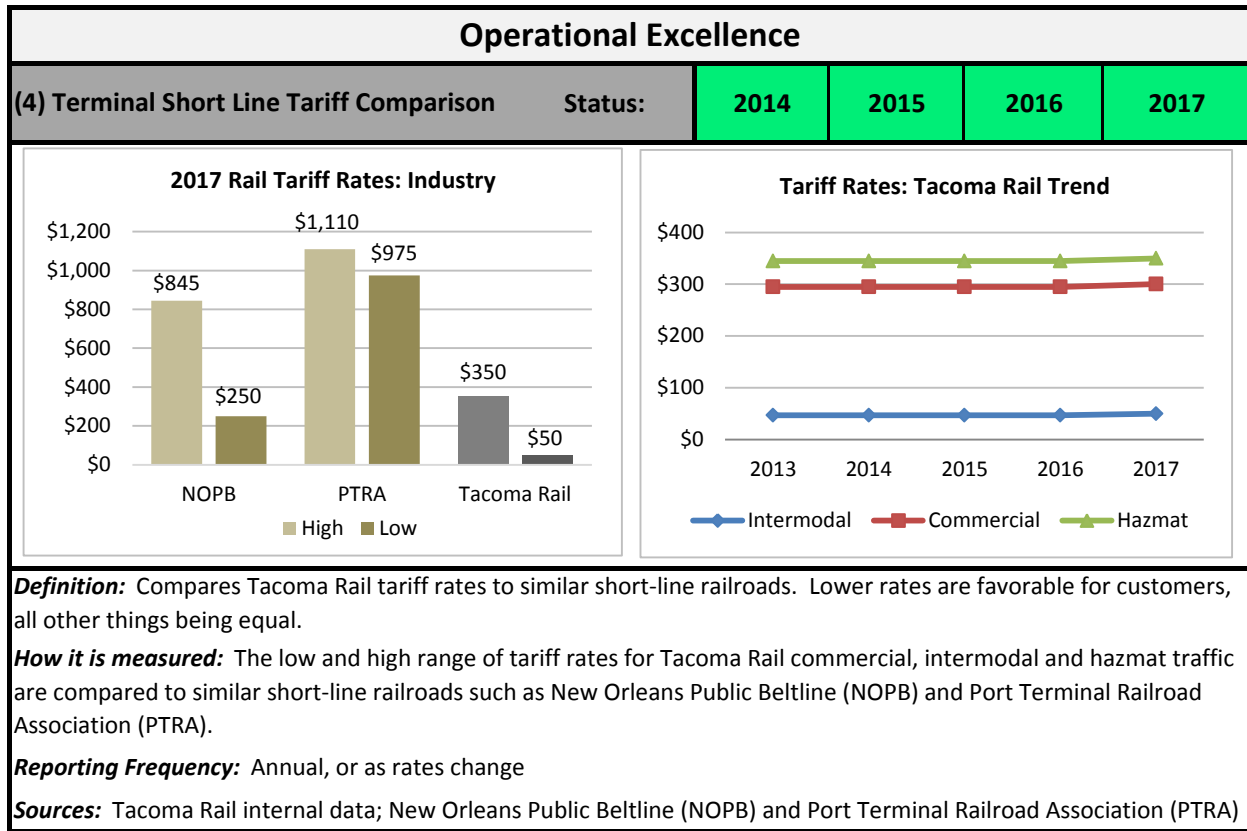


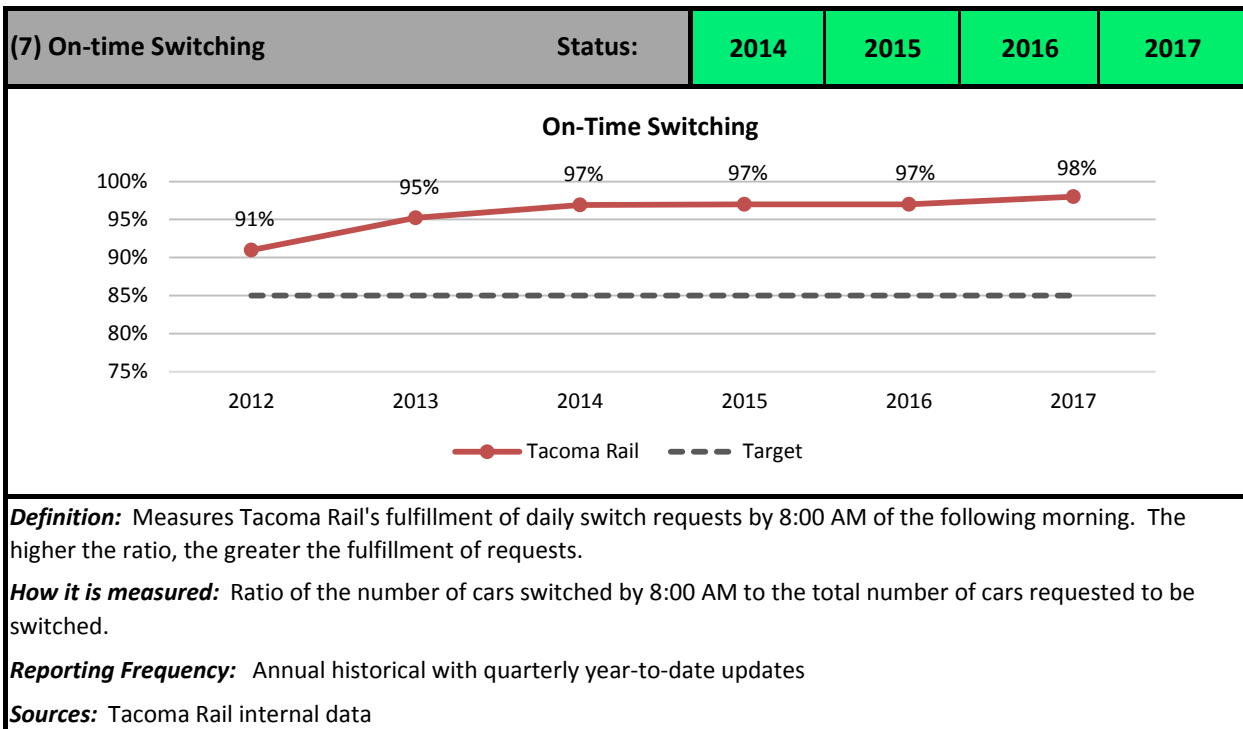
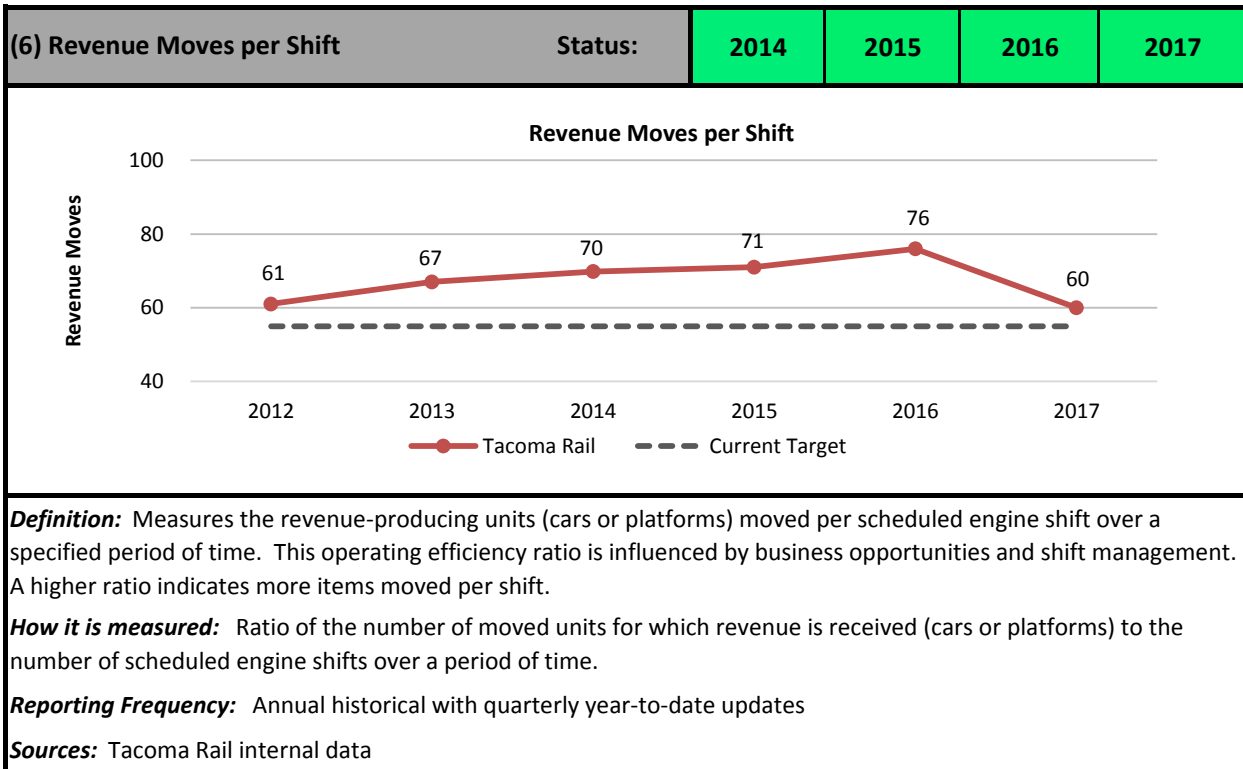
(14) Technical Service Complaints		Status:	2014	2015	2016	2017																								
<div><div><div>2016 Tech. service complaints: Industry</div><table><caption>2016 Tech. service complaints: Industry</caption><thead><tr><th>Category</th><th>per 1,000 accounts</th></tr></thead><tbody><tr><td>Most fav quartile</td><td>1.0</td></tr><tr><td>Median</td><td>4.4</td></tr><tr><td>Least Fav quartile</td><td>12.8</td></tr><tr><td>Tacoma</td><td>11.9</td></tr></tbody></table></div><div><div>Tech. service complaints: Tacoma Water</div><table><caption>Tech. service complaints: Tacoma Water</caption><thead><tr><th>Year</th><th>per 1,000 accounts</th></tr></thead><tbody><tr><td>2012</td><td>10.2</td></tr><tr><td>2013</td><td>11.2</td></tr><tr><td>2014</td><td>9.6</td></tr><tr><td>2015</td><td>9.1</td></tr><tr><td>2016</td><td>11.9</td></tr><tr><td>2017</td><td>17.9</td></tr></tbody></table><div>Tacoma Water Maximum (Industry Median)</div></div></div>		Category	per 1,000 accounts	Most fav quartile	1.0	Median	4.4	Least Fav quartile	12.8	Tacoma	11.9	Year	per 1,000 accounts	2012	10.2	2013	11.2	2014	9.6	2015	9.1	2016	11.9	2017	17.9	<p>Definition: Measures technical quality complaint frequency per 1,000 customer accounts over the reporting period. Such complaints consist of water quality, taste, odor, appearance, water pressure and service disruptions. A lower number of complaints would be expected to correlate to higher customer satisfaction.</p> <p>How it is measured: Ratio of total number of technical service complaints x 1,000 to number of residential and non-residential accounts.</p> <p>Reporting Frequency: Annual historical plus current rolling 12 months; calculated quarterly</p> <p>Sources: Tacoma Water, AWWA</p>				
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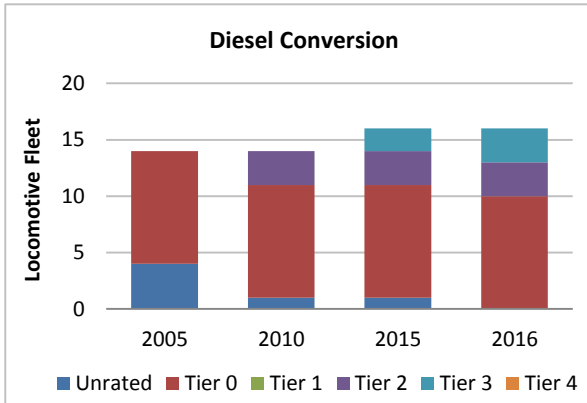
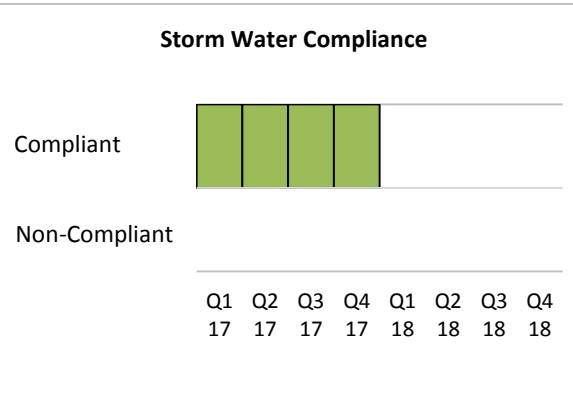
Performance Metrics Summary



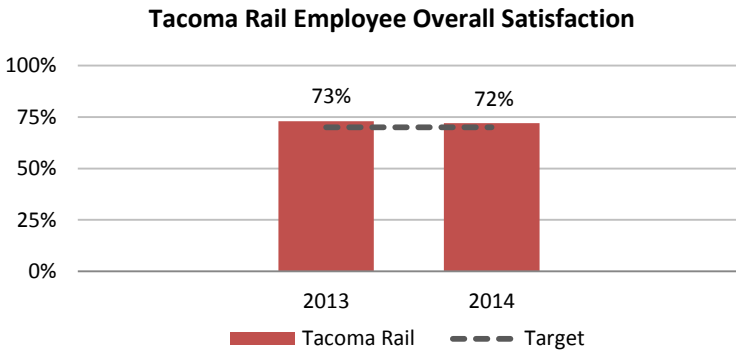
(3) Revenues Less Expenditures Projection vs. Budget		Status:	Biennium Projection								
<p>Projected 2017-18 Variance to Budget - Revenues Less Expenditures</p>  <table><tr><th>Category</th><th>Variance</th></tr><tr><td>Revenues Variance</td><td>(\$4,376)</td></tr><tr><td>Expenditures Variance</td><td>\$5,543</td></tr><tr><td>Revenues Less Exps Total Variance</td><td>\$1,167</td></tr></table>				Category	Variance	Revenues Variance	(\$4,376)	Expenditures Variance	\$5,543	Revenues Less Exps Total Variance	\$1,167
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<p>Definition: Measure's Tacoma Rail's projected biennial financial performance as compared to its approved budget. The measure compares projected "revenues less expenditures" for the biennium. A projection which is favorable to budget is preferable.</p> <p>How it is measured: Projected revenues less projected expenditures for the biennium are compared to budgeted revenues less expenditures. Projections consider actual to-date results plus assumptions for future performance.</p> <p>Reporting Frequency: Quarterly updates of biennium projection</p> <p>Sources: Tacoma Rail internal data</p>											

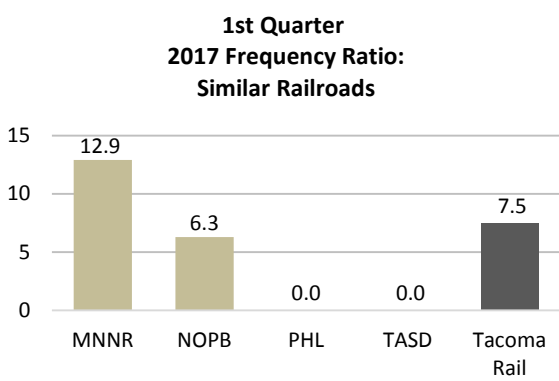
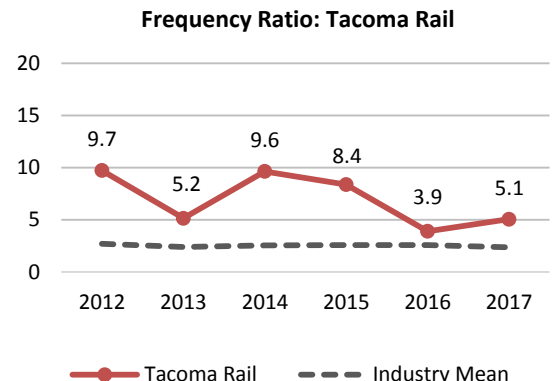




(8) Diesel Conversion & Storm Water Remediation		Status - Diesel:	2017	Status - Storm Water:	2017
<div><div><div>Diesel Conversion</div></div><div><div>Storm Water Compliance</div></div></div>		<p>Definition: 1) Diesel locomotive conversion increases the emission tier levels of Tacoma Rail's locomotive fleet. A higher tier level equates to reduced emissions. 2) Tacoma Rail strives to be compliant with its Industrial Storm Water Permit which includes testing for zinc, copper, oil, turbidity and pH levels in storm water runoff.</p> <p>How it is measured: For diesel conversion, as Tacoma Rail acquires or repowers its locomotive fleet, the locomotives achieve a higher EPA tier level. For Storm Water compliance, per Washington State Department of Ecology standards, tests of water flows at storm water collection locations at Tacoma Rail are conducted and summarized in a detailed report.</p> <p>Reporting Frequency: 5 years (Diesel), Quarterly (Storm Water)</p> <p>Sources: Tacoma Rail internal data (Diesel); Washington State Department of Ecology (Storm Water)</p>			

Commitment to Customers & Employees						
(9) Customer Satisfaction		Status:	2014	2015	2016	2017
 <p>2017 Customer Satisfaction</p> <p>Legend: Operations (Blue), Website (Red), Demurrage (Green)</p>		 <p>Customer Satisfaction</p> <p>Legend: Operations (Blue), Website (Red), Demurrage (Green)</p>				
<p>Definition: Measures customers' overall satisfaction with services provided by Tacoma Rail in the areas of operations, demurrage services and the customer-facing website. Based on a customer survey using a 1 to 4 scale, with 3 being satisfied and 4 being very satisfied. A higher score indicates greater overall satisfaction in key areas.</p> <p>How it is measured: Mean of the weighted average score of question categories in the survey.</p> <p>Reporting Frequency: Updated with each newly conducted annual survey</p> <p>Sources: Tacoma Rail internal data</p>						

(10) Employee Satisfaction	Status:	2013	2014	2015	2016
 <p>Tacoma Rail Employee Overall Satisfaction</p> <p>Legend: Tacoma Rail (Red), Target (Dashed Line)</p>					
<p>Definition: Measures employees' overall satisfaction with working at Tacoma Rail based on an independently conducted employee survey. A higher score indicates greater overall employee satisfaction.</p> <p>How it is measured: Percentage of total responses receiving a score of 4 or 5, using a 1 to 5 scale with 5 being extremely satisfied.</p> <p>Reporting Frequency: Updated with each newly conducted study; expected to be annual</p> <p>Sources: TPU Annual All-Employee Engagement Survey</p>					

(11) Frequency Ratio (Injury Rate)		Status:	2014	2015	2016	2017																																	
<div><p>1st Quarter 2017 Frequency Ratio: Similar Railroads</p><table><thead><tr><th>Railroad</th><th>Frequency Ratio</th></tr></thead><tbody><tr><td>MNNR</td><td>12.9</td></tr><tr><td>NOPB</td><td>6.3</td></tr><tr><td>PHL</td><td>0.0</td></tr><tr><td>T ASD</td><td>0.0</td></tr><tr><td>Tacoma Rail</td><td>7.5</td></tr></tbody></table></div>			Railroad	Frequency Ratio	MNNR	12.9	NOPB	6.3	PHL	0.0	T ASD	0.0	Tacoma Rail	7.5	<div><p>Frequency Ratio: Tacoma Rail</p><table><thead><tr><th>Year</th><th>Tacoma Rail</th><th>Industry Mean</th></tr></thead><tbody><tr><td>2012</td><td>9.7</td><td>~3.0</td></tr><tr><td>2013</td><td>5.2</td><td>~3.0</td></tr><tr><td>2014</td><td>9.6</td><td>~3.0</td></tr><tr><td>2015</td><td>8.4</td><td>~3.0</td></tr><tr><td>2016</td><td>3.9</td><td>~3.0</td></tr><tr><td>2017</td><td>5.1</td><td>~3.0</td></tr></tbody></table></div>				Year	Tacoma Rail	Industry Mean	2012	9.7	~3.0	2013	5.2	~3.0	2014	9.6	~3.0	2015	8.4	~3.0	2016	3.9	~3.0	2017	5.1	~3.0
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<p>Definition: Standardized American Short Line & Regional Railroad Association (ASLRRA) safety metric. Railroads report the number of OJI incidents and employee on-duty hours. A lower metric is better.</p> <p>How it is measured: Railroad employee on-duty safety metrics by railroad per 200,000 hours worked.</p> <p>Reporting Frequency: Annual historical with quarterly year-to-date updates</p> <p>Sources: Tacoma Rail internal data; ASLRRA; Minnesota Commercial Railway (MNNR); New Orleans Public Beltline (NOPB); Pacific Harbor Line (PHL); Terminal Railway Alabama State Docks (TASD)</p>																																							