Tacoma Power Facilities Relocation Contributions Relative to Publics Works Projects

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Introduction
History/Introduction

UNDERGROUND CONVERSION CONTRIBUTION
BREWERY DISTRICT PILOT PROGRAM
APRIL 2018

CODE CLARITY FOR OH/UG RELOCATIONS FOR PUBLIC WORKS PROJECTS
Q2 2019

FINANCIAL OPTIONS FOR UNDERGROUND SERVICE CONVERSIONS & FEEDER IMPROVEMENTS
Q3 2019
1. **Approved Resolution to the Pilot Program Policy** – Tacoma Power can contribute 30% for Underground Conversions within a Commercial LID in the Brewery District for 3 years.

   - (2) Developers currently pursuing this offer
     - Commerce Street (23rd to 25th)
     - 6.4 Acre site – Towne Center (Tacoma/Jefferson, 21st- 23rd)

   - Support from General Government, CEDD, Public Works
2. Public Works related Relocation Contributions for Overhead & Underground - Research including current policy/code, comparison to Franchise Agreements, historical costs and projected fiscal impacts.

3. Payment Alternatives for PUB request & Economic Development Initiatives – Research with Legal staff, Finance, and LID Manager.
Drivers and Benefits
Guiding Principles

Clarity - Code, Terminology

Consistency - TMC & Franchise Agreements

Collaboration - Sub Area Plans, Strategy
Current Process and Practices
Different Processes Between Jurisdictions Relative to Public Works Projects

Franchise Agreement

Overhead to Overhead

- Utility (100%)

Overhead to Underground

- PW/Utility (50/50%)

City of Tacoma

Overhead to Overhead

- Conform to grade
  - TMC 10.24
    - Yes 10.24.030 Utility - Materials only City-all else
    - No 10.24.020 Utility (100%)

- TMC/Charter
  - Charter 4.23
    - Director of Utilities/Public Works Director
      - City Council

Overhead to Underground

- Negotiation on Rare Occasions
Current Practice – City Cost Allocations
Relative to Public Works, Overhead Relocations

• **Tacoma Municipal Code –**
  • **10.22.180** (Rights-of-Way) addresses relocating utilities and assigns the cost of relocation to the owner of the facilities without regard to whether or not the street has previously been improved/graded.

  • **10.24.020** (Streets-Installation of Utilities) – Facilities installed **WITHOUT CONFORMANCE TO ESTABLISHED GRADE**, Utility pays all costs
  • **10.24.030** - Facilities installed **IN CONFORMANCE WITH ESTABLISHED GRADE**, Utility pays materials, City pays other costs

• **Tacoma City Charter, Section 4.23** - provides guidance for utility relocations for “Public Utilities” – “...expense thereof shall be charged against such fund as may be agreed upon by the Director of Utilities and the City Manager or as determined by the City Council.”
# Franchise Language for Public Works Relocation Costs

<table>
<thead>
<tr>
<th></th>
<th>Lakewood</th>
<th>University Place</th>
<th>Fife</th>
<th>Fircrest</th>
<th>Pierce County</th>
<th>Ruston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Overhead Relocation</td>
<td>Utility pays all costs</td>
<td>Utility pays all costs</td>
<td></td>
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<tr>
<td>Subsequent Overhead Relocation</td>
<td>&gt;15 years City pays pro-rata share</td>
<td>Utility pays all costs</td>
<td></td>
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<tr>
<td>Underground Conversion for Public Works project where &gt;50% poles will be affected</td>
<td>Utility Pays 50% Distribution Costs</td>
<td>Does not Require Underground Conversion</td>
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Recommendations and Fiscal Impact
What We Have to do to Align with Franchise Agreements
Recommendations for Clarity, Consistency, Collaboration

• Agree upon “Public Works Project”
  A project that Public Works initiates based on an established 6 Year Transportation Improvement Program, for the purposes of street improvements for traffic conditions or public safety, widening, grading, etc.

• Change Language in TMC 10.24.020 to reflect “relocation request”, cooperative relocation at Tacoma Power’s sole expense.

• Change Language in TMC 10.24.030 to reflect “subsequent relocation request”, incorporating a cost share for 15 year lifespan.

• Add new section TMC 10.24.035 regarding relocation with underground conversion requested in conjunction with a Public Works project, Tacoma Power will pay 50% of the project costs.
Fiscal Impact Estimate (Biennium)

- TPWR Analyzed historical relocation projects in City of Tacoma – OH & UG
- TPWR Reviewed City of Tacoma Public Works Projects 6 year plan
- Public Works estimated 2019/20 projects – $122M in projects, 17/73 potential projects that would impact TPWR, rarely include pole relocations (12, +10 more)

<table>
<thead>
<tr>
<th>CURRENT CODE</th>
<th>Recommended T&amp;D OH to OH</th>
<th>Recommended DIST UG, TRANS OH</th>
</tr>
</thead>
<tbody>
<tr>
<td>HISTORICAL TMC CODE 10.24.020 &amp; 10.24.030 Relocate T&amp;D OH, Utility paid est. 80% Avg</td>
<td>$1,853,176</td>
<td>$3,154,537</td>
</tr>
<tr>
<td>FRANCHISE &amp; TMC 10.24.020 OH to OH T&amp;D Relocation Utility pays 100%</td>
<td>$2,316,469</td>
<td></td>
</tr>
<tr>
<td>FRANCHISE &amp; TMC 10.24.020, .035 Conversion and Relocation for PW Utility pays 50% DIST OH to UG &amp; 100% TRANS OH to OH</td>
<td></td>
<td>$1,301,361</td>
</tr>
</tbody>
</table>

| Biennium Estimate | $1,853,176 | $2,316,469 | $3,154,537 |
| Biennium Fiscal Impact | - | $463,294 | $1,301,361 |
PUB Comments/Feedback
Payment Alternatives
Results of Research for Payment Alternatives
Relative to Service Conversions or Developer Infrastructure Requirements

1. Customer’s Service Conversion Cost – Roll into the LID
   • Not permissible to roll costs into the LID program

2. Developer Charges for Line Upgrades - Off set payments
   • RCW 35.92.025 and 35.67.360 not applicable for electric system
End of Presentation