RESOLUTION NO. U-11098

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

WHEREAS the City of Tacoma, Department of Public Utilities, requested bids/proposals for the purchase of certain materials, supplies, equipment and/or the furnishing of certain services, or proposes to purchase off an agreement previously competitively bid and entered into by another governmental entity, or for the sales of surplus, or desires to increase and/or extend an existing agreement, all as explained by the attached Exhibit “A,” which by this reference is incorporated herein, and

WHEREAS in response thereto, bids/proposals (or prices from another governmental agreement) were received, all as evidenced by Exhibit “A,” and

WHEREAS the Board of Contracts and Awards and/or the requesting division have heretofore made their recommendations, which may include waiver of the formal competitive bid process because it was not practicable to follow said process, or because the purchase is from a single source, or there is an emergency that requires such waiver, and/or waiver of minor deviations, and in the case of sale of surplus, a declaration of surplus has been made certifying that said items are no longer essential for continued effective utility service, as explained in Exhibit “A,” and
WHEREAS the Director requests authorization, pursuant to TMC 1.06.269 A, to amend contract amounts up to $200,000 and to approve term extensions and renewals for all items contained in Exhibit “A;” Now, therefore,

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

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

Approved as to form:

[Signature]
Chief Deputy City Attorney

[Signature]
Chair

[Signature]
Secretary

[Signature]
Adopted

Clerk

2019\Resolutions\U-11098
RECOMMENDATION SUMMARY:
Finance, Procurement and Payables Division recommends a contract be awarded to The CEI Group, Trevose, PA, for Vehicle Accident Management Services, in the amount of $800,000, plus applicable taxes, for an initial contract term through October 1, 2019 with the option to renew through March 10, 2022 per the terms of Washington State contract 05015.

STRATEGIC POLICY PRIORITY:
- Strengthen and support a safe city with healthy residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This contract provides vehicle accident management services for City of Tacoma vehicles. This supports the City’s vision of safety and sustainability by actively managing vehicle accidents.

BACKGROUND:
ISSUE: This contract provides vehicle accident management services to both General Government and Tacoma Public Utilities on an as-needed basis. It includes auto repair estimates, independent appraisals, auto repairs, vendor monitoring, insurance recovery service, centralized billing for payment to one vendor, claims review, and real time web-based reports.

ALTERNATIVES: The alternative to contracting with a vehicle accident management service would be to hire internal staff to manage vehicle accidents. This option is not recommended because the number of auto accidents is not predictable or consistent in any given year.

COMPETITIVE SOLICITATION:
Washington State Department of Enterprise Services (DES) conducted Request for Proposals No. 05015. DES invited 449 companies to bid in addition to normal advertising of the project and one submittal was received. The current contract term is valid through October 1, 2019 with a potential final contract expiration date of March 10, 2022. This contract meets Tacoma’s competitive solicitation requirements by means of an interlocal purchasing agreement with Washington State DES.

CONTRACT HISTORY: New contract.
SUSTAINABILITY: The CEI Group, Inc. business processes are mostly paperless. They complete transactions electronically via internal or web-based applications. Customers can view all claims activity through the web-based claims application. CEI has also developed an electronic portal for body shops to send estimates and photos direct to CEI’s system.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

EXPENDITURES:

<table>
<thead>
<tr>
<th>Fund Number &amp; Fund Name*</th>
<th>Cost Object (CC/WBS/ORDER)</th>
<th>Cost Element</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Department Funds</td>
<td>Various</td>
<td>Various</td>
<td>$800,000</td>
</tr>
</tbody>
</table>

* General Fund: Include Department

REVENUES:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Cost Object (CC/WBS/ORDER)</th>
<th>Cost Element</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Department Funds</td>
<td>Various</td>
<td>Various</td>
<td>$800,000</td>
</tr>
</tbody>
</table>

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: AS NEEDED. ESTIMATE $400,000.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes, expenditures will post to Fleet Maintenance from PM line item budget.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A
RECOMMENDATION SUMMARY:
The Rates, Planning & Analysis Section of Tacoma Power requests a waiver of competitive procurement procedures and recommends that a contract be awarded to Adaptive Insights LLC, Palo Alto, CA, for implementation of and subscription for cloud-based budgeting and reporting software, in the amount of $306,000, for an initial two-year contract term, with the option to renew for two additional one-year renewal terms, and to purchase additional user licenses, for a total projected contract amount of $600,000, plus applicable taxes.

BACKGROUND:
ISSUE: Rates, Planning & Analysis (RPA) has identified a business need for a tool that enables integrated planning to aid in the budgeting and financial reporting process for Capital, O&M and Labor costs. Currently, Tacoma Power collects large amounts of financial and qualitative data through multiple platforms making it difficult to easily and dynamically analyze and report the data.

An integrated approach that combines all of this data will result in more efficient, timely and holistic budget planning, monitoring and reporting. Use of this software will align Tacoma Power and Tacoma Water’s budgeting and reporting processes.

ALTERNATIVES: Alternatives include continuing to utilize Excel spreadsheets and Access. The impact of this “business as usual” approach is the potential for errors in reporting, increased time in the gathering of data, and less than optimal reporting response times. The use of the Adaptive Insights software will eliminate the need to align the data across platforms and will create efficiencies in the preparation of regular reporting that currently entails multiple manual processes. Adaptive Insights software’s dashboarding capabilities will enable flexibility in reporting, allowing Tacoma Power staff to respond in a more dynamic and timely fashion to information requests from management and staff. Adaptive Insights is a more sophisticated and streamlined option than the alternatives and offers collaboration opportunities between Tacoma Power and Tacoma Water.
COMPETITIVE ANALYSIS:
Tacoma Water uses Adaptive Insights cloud-based software for financial reporting and budget planning with success. RPA met with Tacoma Water staff to discuss the software's capabilities and to understand how Water successfully uses it to meet their needs; the same needs as Tacoma Power. Tacoma Water has been pleased with the software's capabilities, its user-friendliness and the improved reporting it provides staff across the organization. This cloud-based software provides the benefits Tacoma Power requires for their budgeting and reporting needs: database integration, what-if scenario planning, dashboard visualizations, versioning, automated reporting and web accessibility. Tacoma Power has met with Adaptive Insights and participated in multiple demonstrations to confirm the software offers the functionality Tacoma Power requires.

One benefit of using Adaptive Insights is the opportunity it provides for Tacoma Power and Tacoma Water to collaborate on reporting and budgeting. Using the same software enables Tacoma Power and Tacoma Water to offer mutual support in use of the tool and creates better alignment in how both groups budget for and monitor costs.

For all of these reasons, Tacoma Power has determined that Adaptive Insights is the best fit at the best price.

CONTRACT HISTORY: New contract.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

<table>
<thead>
<tr>
<th>FUND NUMBER &amp; FUND NAME</th>
<th>COST OBJECT (CC/WBS/ORDER)</th>
<th>COST ELEMENT</th>
<th>TOTAL AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>4700 Tacoma Power</td>
<td>80019065</td>
<td>5310100</td>
<td>$108,720</td>
</tr>
<tr>
<td>4700 Tacoma Power</td>
<td>80019065</td>
<td>5412170</td>
<td>$197,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

REVENUES:

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>COST OBJECT (CC/WBS/ORDER)</th>
<th>COST ELEMENT</th>
<th>TOTAL AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revised: 04/17/2019
FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: $306,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A

Chris Robinson, Power Superintendent

APPROVED:

Jackie Flowers, Director of Utilities
Date: 07/11/2019

To: Jackie Flowers, Director of Utilities/CEO

From: Chris Robinson
Power Superintendent/COO

Subject: Authorization of Direct Negotiation for Professional Services and Personal Services over $25,000

For your review and recommendation.

In accordance with TMC 1.06.256 (B), Tacoma Power Rates, Planning & Analysis requests a waiver of the competitive solicitation process and authorization to directly negotiate with Adaptive Insights, Palo Alto, CA, for implementation of and subscription for cloud-based budgeting and reporting software, for an amount of $306,000, plus applicable sales tax.

Direct negotiation approval constitutes a waiver of further competitive solicitation for amendments to the subject contract provided that any such amendment(s) shall be signed by personnel as authorized in the Delegation of Procurement Signature and Approval Authority memorandum. Contract totals shall not exceed $200,000 without City Council or Public Utility Board approval as appropriate.

EXPLANATION: A subscription for cloud-based budgeting and reporting software for Tacoma Power. A one-time fee for configuration and implementation of the software.

JUSTIFICATION FOR DIRECT NEGOTIATION:

1. Explain why it's in the best interest of the city to waive the competitive solicitation process.

   Tacoma Water uses Adaptive Insights cloud-based software for financial reporting and budget planning with success. Tacoma Power's Rates, Planning & Analysis group have met with Tacoma Water staff to discuss the software's capabilities and to understand how Tacoma Water successfully uses it to meet their needs, the same needs as Tacoma Power. Tacoma Water has been pleased with the software's capabilities, its user-friendliness and the improved reporting it provides staff across the organization. This cloud-based software provides the benefits Tacoma Power requires for their budgeting and reporting needs: database integration, what-if scenario planning, dashboard visualizations, versioning, automated reporting and web accessibility. Tacoma Power has met with Adaptive Insights and participated in multiple demonstrations to confirm the software offers the functionality Tacoma Power requires.

   One benefit of using Adaptive Insights is the opportunity it provides for Tacoma Power and Tacoma Water to collaborate on reporting and budgeting. Using the same software enables Tacoma Power and Tacoma Water to offer mutual support in the use of the tool.

   For all of these reasons, Tacoma Power has determined that Adaptive Insights is the best fit at the best price.
2. Is this purchase based on a previous competitive solicitation conducted by the City or other agency? If yes, provide the contract information, specification number, etc., and explain the relationship of this request to the previous contract.

   No

3. Describe the screening efforts made to identify potential service providers.

   Implementation of this solution is best served by the company providing the subscription. Adaptive Insights has the insight, expertise, and training program to successfully implement a fully functional solution for Tacoma Power.

4. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

   Due to their established relationship with Tacoma Water, Adaptive offered Tacoma Power a generous 32% discount on the subscription and software package and a 20% discount on the implementation services. The total subscription price for a 2 year term is $197,000. The one-time configuration and implementation cost is $108,720.

**FUNDING:** Funds for this purchase are available in the Tacoma Power Fund 4700.

**SBE COMPLIANCE:** The Department/Division has checked the City of Tacoma Small Business Enterprise (SBE) website for opportunities to contract with SBE firms on Date Completed. Choose an item:

**PROJECT COORDINATOR:** Michelle Rhubright, Tacoma Power, 253-441-4135.
TO: Board of Contracts and Awards
FROM: Chris Robinson, Tacoma Power Superintendent
Ji Sun, Power Engineer, Tacoma Power Transmission & Distribution
COPY: Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP Coordinator, and Alex Clark, Finance/Purchasing
SUBJECT: Mayfield Powerhouse Generator Step-Up (GSU) Transformers
Request for Bids Specification No. PT19-0157F
DATE: August 12, 2019

RECOMMENDATION SUMMARY:
Tacoma Power recommends a contract be awarded to the best evaluated, responsive, and responsible bidder Hyundai Corporation USA, Torrance, CA, for the Mayfield Powerhouse Generator Step-Up (GSU) Transformers. The initial contract amount to Hyundai Corporation USA is $2,165,208.00, plus applicable sales taxes.

BACKGROUND:
This contract is intended for the supply of Generator Step-Up (GSU) Transformers to be used as a critical link between Mayfield Powerhouse and the transmission network.

ISSUE: The GSU transformers are the only means of transmitting generated power from Mayfield Units 42, 43, and 44. In the event of a single transformer failure, generation output would be unavailable until the existing spare transformer were installed, which could require up to one month. If more than one transformer fails, there is no generator output until new transformers can be procured, manufactured and installed.

ALTERNATIVES: The alternative to awarding this contract is to reject all bids and re-bid. However, a re-bid would risk delays in procurement of needed equipment. Further delays could result in a service gap to customers.

COMPETITIVE SOLICITATION:
Request for Proposals (RFP) Specification No. PT19-0157F was opened July 16, 2019. Sixteen companies were invited to bid in addition to normal advertising. Nine submittals were received. After evaluation from Selection Advisory Committee (SAC) and Purchasing department, six submittals were found non-responsive due to either lack of addendum acknowledgement or not meeting the minimum requirements. SAC evaluated and scored the remaining three vendors based on the following criteria: exceptions from special provisions, technical provisions, and standard terms and conditions (50%), pricing and total evaluated cost (30%), lead time (10%), past performance of bidder (5%), and product and Small Business Enterprise (SBE)/Minority and Women’s Business Enterprise (MWBE) (5%). Hyundai Corporation USA submitted a proposal.
that resulted in the highest evaluated proposal for this specification. Hyundai Corporation, USA is recommended for award.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Location</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai Co. USA</td>
<td>Torrance, CA</td>
<td>88.3</td>
</tr>
<tr>
<td>ABB, Inc</td>
<td>South Boston, VA</td>
<td>73.3</td>
</tr>
<tr>
<td>Pennsylvania Transformer</td>
<td>Canonsburg, PA</td>
<td>59</td>
</tr>
</tbody>
</table>

Pre-bid Estimate: $2,200,000
The recommended award is 1.6 percent below the pre-bid estimate

CONTRACT HISTORY: New contract.

SUSTAINABILITY: Not Applicable.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

**EXPENDITURES:**

<table>
<thead>
<tr>
<th>FUND NUMBER &amp; FUND NAME</th>
<th>COST OBJECT</th>
<th>COST ELEMENT</th>
<th>TOTAL AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tacoma Power's Capital</td>
<td>PWR-01032</td>
<td>5220100</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Outlay Budget</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

* General Fund: Include Department

**REVENUES:**

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>COST OBJECT (CC/WBS/ORDER)</th>
<th>COST ELEMENT</th>
<th>TOTAL AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**
FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: Full fiscal impact to 2019-2020 budget is $2,200,000.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

Chris Robinson, Power Superintendent/COO

APPROVED:

Jackie Flowers, Director of Utilities/CEO
TO: Board of Contracts and Awards
FROM: Dale King, Superintendent, Tacoma Rail
       Kari Halliday, Mechanical Supervisor, Tacoma Rail
COPY: Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP Coordinator, and Seth Hartz, Finance/Purchasing
SUBJECT: Purchase of two EMD MP1500AC Locomotives
         Waiver of Competitive Solicitation Request – Not Practicable to Bid
         SR1708232355 August 28, 2019
DATE: August 16, 2019

RECOMMENDATION SUMMARY:
Tacoma Rail requests approval for sole source procurement and recommends that a contract be awarded to Progress Rail Services, Albertville, Alabama, for the purchase of two overhauled MP1500AC locomotives, in the amount of $2,400,000.00, plus any applicable taxes.

STRATEGIC POLICY PRIORITY:
Foster a vibrant and diverse economy with good jobs for all Tacoma residents.

BACKGROUND:
The addition of two overhauled MP1500AC locomotives will allow Tacoma Rail the flexibility of removing the aging locomotives from active service in order to facilitate the overhauls without significant interruption to rail operations. Moreover, the addition of two MP1500AC locomotives to the fleet will provide Tacoma Rail more flexibility with regard to locomotive asset utilization.

ISSUE: Tacoma Rail currently owns four circa 1980s MP1500AC locomotives that are used extensively in the Port of Tacoma area for switching activities. The locomotives are aging and will need to be overhauled in the near future. Progress Rail has two MP1500AC locomotives for sale and will ship them to their Tacoma, WA, facility for the overhaul work.

ALTERNATIVES: An alternative to this request would be to do nothing. However, Tacoma Rail desires to continue along a path of incremental asset modernization, consistent with our environmental leadership objectives. Specifically, continuing to repower/rebuild Tacoma Rail’s aging locomotives with more efficient engines necessary to reduce emissions, in compliance with state and federal mandates, and to extend the lifecycle of these assets.

COMPETITIVE ANALYSIS
This purchase is for two used circa 1975 locomotives that Progress Rail (the manufacturer) is selling. The price also includes new wheels, replacement of the high and low voltage wiring and cabling, overhauling the prime movers (engines), rebuilding the rotating electrical equipment, and painting the locomotives to match Tacoma Rail's color scheme. This work on its own is valued at around $700,000.00 each. The overhaul work will occur within the c Tacoma. In addition to the work supporting local jobs, Progress Rail's locomotive rebuild shop is less than one mile from Tacoma Rail, which eliminates freight charges and allows staff to closely monitor progress and activities. If Tacoma Rail were able to find two similar locomotives for sale, it is highly unlikely that the sales price would include an overhaul/rebuild component. It is also
unlikely that the locomotives would still be available if Tacoma Rail were to go through a formal solicitation process.

CONTRACT HISTORY: New contract.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

**Expenditures:**

<table>
<thead>
<tr>
<th>Fund Number &amp; Fund</th>
<th>Cost Object (CC/WBS/Order)</th>
<th>Cost Element</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tacoma Rail Fund 4500</td>
<td>592202</td>
<td></td>
<td>2,400,000.00</td>
</tr>
</tbody>
</table>

* General Fund: Include Department

**Revenues:**

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Cost Object (CC/WBS/Order)</th>
<th>Cost Element</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Total*
Fiscal Impact to Current Biennial Budget: $2,400,000.00.

Are the Expenditures and Revenues Planned and Budgeted? Yes.

If Expense is Not Budgeted, Please Explain How They Are To Be Covered. N/A

Dale King, Rail Superintendent

APPROVED:

Jackie Flowers, Director of Utilities
Date: 5/17/2019

To: Jackie Flowers, Director of Utilities

From: Kari Halliday
TPU, Tacoma Rail, Maintenance of Equipment

Subject: Waiver of Competitive Solicitation Request
☐ Sole Source Purchase – TMC 1.06.257.A
☒ Not Practicable to Bid – TMC 1.06.257.B
Purchase of two EMD MP-1500AC Locomotives

Please forward for Board of Contracts and Awards review and recommendation.

Tacoma Rail requests a waiver of the competitive solicitation process for the purchase of two, overhauled, EMD MP-1500AC locomotives. The vendor is Progress Rail Services, Albertville, Alabama.

“Follow-on” Contracts:

Is this purchase based on a previous competitive solicitation conducted by the City or other agency? If yes, provide the contract information, specification number, etc., and explain the relationship of this request to the previous contract.

N/A

Waiver Criteria:

1. Is there only one feasible supplier of the product or service in the marketplace? Yes ☐
   If “yes”, such certification should be from the manufacturer (not the authorized distributor) and attached. The certification should describe what the product or service is and the relationship between the manufacturer and authorized distributor.

   If No ☒, briefly explain.

   Progress Rail has for sale, two, MP-1500AC locomotives that are a match to four of Tacoma Rail’s switcher locomotives that are heavily used here in the Port of Tacoma and they are willing to move them to their Tacoma, WA facility for overhaul work.

2. Support your contention that it would be futile to advertise and competitively bid the product/service.

   If Tacoma Rail were to go through a bid process, for the two used 1975 locomotives that Progress Rail (the manufacturer) is selling, this purchasing opportunity would likely not be available by the time the process was complete. The price also includes Progress Rail overhauling the locomotives which includes new wheels, replacement of the high and low voltage wire and cabling, overhauling the prime movers (engines), rebuilding the rotating electrical
equipment (generators) and painting the locomotives to match Tacoma Rail's color scheme. The value of the overhaul component is approximately $700,000.00 for each locomotive. The overhaul work would also happen within the City of Tacoma. Not only would the work occur locally, Progress Rail's locomotive rebuild shop is less than one mile from Tacoma Rail, thereby eliminating freight/delivery charges after the rebuilds are completed. If Tacoma Rail were able to find two like locomotives for sale, it is highly unlikely that the seller would include an overhaul/rebuild component in the transaction.

3. Describe the screening efforts made to identify potential suppliers.

Tacoma Rail did an internet search for a similar purchasing opportunity and did not find one.

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

Being that Progress Rail's rebuild facility is located in Tacoma, WA, gives Tacoma Rail the opportunity to purchase newly overhauled and painted locomotives, while keeping the work local, and avoids freight shipping charges on two locomotives from an out of state facility.

5. Reference the example line item in the Purchasing Policy that best fits this request.

Used equipment.

6. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

Tacoma Rail asked the vendor if they offer an early payment discount or accept credit cards and they do not.

7. Is this a one-time purchase? Yes ☑ No ☐ Total amount: $2,400,000.00, plus applicable sales tax.

If "no," estimated total dollar amount over contract term as allowed per waiver of competitive solicitation procedure: $____, plus applicable sales tax

8. Waiver includes freight and authorization for up to 10 percent contingency where a good faith estimate is provided. Any increase beyond the 10 percent contingency requires authorization.

The total amount authorized including contingency shall not exceed $200,000 without approval by the Public Utility Board or City Council, as appropriate.

9. Other supporting documentation attached? Yes ☐ No ☑

10. Funds for this purchase are available in the 4500 Fund.

11. PROJECT COORDINATOR: Kari Halliday/Tacoma Rail / 253-396-3285

Buyer Justification Notes:

PPM Reference: XXI.C.1b
RESOLUTION NO. U-11099

A RESOLUTION adopting Public Utility Board Strategic Directives on Equity and Inclusion, Financial Sustainability, Rates, and Stakeholder Engagement.

WHEREAS in response to changes in the utility industry, and to ensure that Tacoma Public Utilities (TPU) continues to meet the Tacoma Public Utility Board's goals of delivering affordable, reliable, and environmentally sensitive services, the Board is developing policies concerning Government Processes, Board-Director Linkage, and Strategic Directives, and

WHEREAS the first four strategic directives cover the topics of: 1) Equity and Inclusion; 2) Financial Sustainability; 3) Rates; and 4) Engagement, and

WHEREAS the strategic directive policies will guide TPU's efforts to effectively and efficiently address current and future challenges, mitigate risks, pursue strategic opportunities, and optimize services for their customers, and

WHEREAS the Equity and Inclusion policy establishes TPU's commitment to achieving equity and inclusion in its workforce, service delivery, policy decision making, and community/stakeholder engagement, and

WHEREAS the Financial Sustainability policy provides that TPU will secure its commitment to provide safe and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial and asset practices, and

WHEREAS the Rates policy provides that TPU rates for power, water, and rail services play an important role in securing a strong economy, establishing equity among customers, and producing revenue sufficient to
provide safe, reliable and environmentally-sensitive utilities services. The Rate
policy also provides that TPU strives to ensure that rates will be adequate, fair,
jjust and reasonable, and

WHEREAS the Stakeholder Engagement policy provides that TPU is
committed to proactive engagement and open dialogue with customers and
other stakeholders to understand their needs and improve service that informs
decision-making while enhancing community understanding of TPU’s
operations, programs, and services, and

WHEREAS these policies were developed at regularly scheduled Board
study sessions and all future Board reviews and amendments will be handled
similarly, and

WHEREAS the Board has committed to monitor and ensure compliance
with Board policies. This oversight provides an opportunity for the Board and
staff to clarify, revise and develop new policies when necessary as TPU
navigates changes in the utility industry, and

WHEREAS the Board and Director have determined that adopting the
four Strategic Directives is in the best interests of Tacoma Public Utilities and
the ratepayers; Now, Therefore,

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

That the four Public Utility Board Strategic Directives that include: 1)
Equity and Inclusion; 2) Financial Sustainability; 3) Rates; and
4) Engagement Policies, in the form as on file with the Clerk, are adopted and approved.

Approved as to form:

__________________________
Chair

__________________________
Secretary

__________________________
Chief Deputy City Attorney

__________________________
Adopted

__________________________
Clerk
TO: Jackie Flowers, Director of Utilities
FROM: Tom Morrill, Chief Deputy City Attorney
Charleen Jacobs, Executive Assistant and Clerk of the Board
MEETING DATE: August 28, 2019
DATE: August 16, 2019

SUMMARY: A resolution adopting the first four Public Utility Board Strategic Directives (SD) on Equity and Inclusion, Financial Sustainability, Rates, and Stakeholder Engagement.

BACKGROUND: It is a time of monumental change in the utility industry. Utilities must embrace innovation and move quickly to find new and better ways to deliver affordable, reliable, and environmentally sensitive services to their customers. With this in mind, the Tacoma Public Utility Board launched a process to develop policies concerning Government Processes, Board-Director Linkage, and Strategic Directives.

This resolution adopts the first four Strategic Directives listed above. Strategic Directives guide TPU’s efforts to effectively and efficiently address current and future challenges, mitigate risks, pursue strategic opportunities, and optimize services for the TPU customers. Strategic Directives also capture the performance expectations of the Board. The Board purposefully chose to begin its policy development effort by focusing on policies on Equity and Inclusion, Financial Sustainability, Rates, and Stakeholder Engagement as they are critical to the success of TPU and lay the foundation for fair treatment of employees, reasonable rates, financial stability, and connecting with an informed stakeholder base.

The Equity and Inclusion policy establishes TPU’s commitment to achieving equity and inclusion in its workforce, service delivery, policy decision making, and community/stakeholder engagement.

The Financial Sustainability policy provides that TPU will secure its commitment to provide safe and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial and asset management practices.

The Rates policy provides that TPU rates for power, water, and rail services play an important role in securing a strong economy, establishing equity among customers, and producing revenue sufficient to provide safe, reliable, and environmentally-sensitive utilities services. The Rates policy also provides that TPU strives to ensure that rates will be adequate, fair, just and reasonable.

The Stakeholder Engagement policy provides that TPU is committed to proactive engagement and open dialogue with customers and other stakeholders to understand their needs and improve service that informs decision-making while enhancing community understanding of TPU’s operations, programs and services.

These policies were developed at regularly scheduled Board study sessions and all future reviews and amendments to the Public Utility Board policies will be in handled similarly.

The Public Utility Board has committed to monitor and ensure compliance with Board policies. This oversight provides an opportunity for the Board and staff to clarify, revise and develop new policy when necessary as TPU navigates changes in the utility industry.
ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? N/A

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING $200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? N/A


CONTACT: Jackie Flowers, Director of Utilities
PUBLIC UTILITY BOARD POLICY

Category: Strategic Directive
Date of Adoption: August 28, 2019
Resolution No.:
Revision Date:

Title: Equity and Inclusion
Policy Number: SD-1

Purpose

Tacoma Public Utilities (TPU) is committed to achieving equity and inclusion in its workforce, service delivery, policy decision making, and community/stakeholder engagement.

Values

1. TPU serves all rate payers and residents without regard to race, color, sex, religion, creed, age, marital status, national origin, citizenship status, sexual orientation, gender identity, veterans status, or the presence of any physical, sensory or mental disability.

2. TPU values diversity and what each individual brings to TPU and the community.

3. TPU believes equity is achieved when everyone has access to the resources and opportunities necessary to satisfy their essential needs, advance their well-being, and achieve their full potential.

4. TPU will work to be inclusive, building a culture of involvement, respect, and connection where the richness of ideas, backgrounds, and perspectives are harnessed to create value.

5. The TPU Board supports the Tacoma City Council Resolution 39019 Equity and Empowerment Initiative Framework and is committed to its five primary goals:
   - The City of Tacoma workforce reflects the community it serves;
   - Purposeful community outreach and engagement;
   - Equitable service delivery to all residents and visitors;
   - Support human rights and opportunities for everyone to achieve their full potential;
• Commitment to equity in local government decision-making.

Outcomes

1. TPU, in collaboration with city departments and community partners, will pursue equity and inclusion in the workforce, service delivery, policy decision making, rate design and budgeting proposals, and stakeholder/community engagement.

2. Gaps or barriers to both internal and external equity and inclusion are eliminated as they relate to employment and services provided.

3. Policies, programs, and services are developed to create equity and remove barriers.

4. The impact of structural inequities and implicit bias on the recruitment, hiring, and retention of staff are identified and mitigated. The candidate pool and employees of TPU are diverse and reflect the communities we serve.

5. Public information is available in a variety of languages and through diverse communication channels necessary to inclusively reach the intended audiences.

Measurement

1. TPU will track the ethnic, racial and gender makeup of potential and actual employees for recruitment, workforce, and retention relative to the population in its service territory.

2. TPU will track the number of projects, actions, and initiatives including an equity lens in its analysis, planning, and implementation.

3. TPU will track the diversity of outreach efforts including diversity of participation or audiences reached.

Reporting

Frequency: Annually for #1 and #3 and a pilot for #2
Purpose

Tacoma Public Utilities will secure its commitment to provide safe and reliable power, water, and rail services over the long term by maintaining sustainable budget, financial, and asset management practices.

Values

1. TPU believes long-term financial planning that accounts for internal and external risks results in sustainable utilities budgets and reasonably stable utilities rates.

2. TPU values responsible stewardship and recognizes that utilities bills are paid by customers and resulting revenue is therefore limited. Each biennial budget must therefore be carefully and reasonably limited.

3. TPU believes financial, business, and capital planning should be based on regularly updated forecasts.

4. TPU believes it is prudent to pay for long-lived capital assets by spreading the costs over the life of those assets.

5. TPU believes prudent and stable financial and business planning anticipates unexpected future events by requiring adequate cash reserves and insurance.

6. TPU values good stewardship of utilities rates paid by customers by leveraging external funding sources where prudent.

Outcomes

1. Rate and Financial Policies that summarize planning methods that will produce long-term financial stability for reliable power, water, and rail services.
2. Detailed Operating, Capital, and Strategic Plans that guide planning for sustainable financial, business, and capital budgets over the long term.

3. TPU planning methods that incorporate conservatism into budgets and rate designs as necessary to ensure long-term financial stability.

4. AA-level bond rating, or better, to facilitate access to lower-cost financing and produce sustainable debt service expenses.

5. Utilities rates at the lowest levels reasonably sufficient to meet the duty to provide reliable, safe, and equitable utilities services to customers over the long term.

6. Strategic asset management that guides capital project development to predict when improvements are necessary.

7. Financial management of debt service over the long term to maintain reasonable debt-service requirements and meet debt service coverage ratios.

**Measurements**

1. Budget Performance and Forecasts

2. Debt Service Coverage Ratio

3. Days Cash on Hand

**Reporting**

Frequency: Quarterly

Method: Biennial budget and rates process
PUBLIC UTILITY BOARD POLICY

Category: **Strategic Directive**  
Date of Adoption: **August 28, 2019**  
Resolution No.:  
Revision Date:  
Title: **Rates**  
Policy Number: **SD-3**

**Purpose**

Tacoma Public Utilities rates for power, water, and rail services play an important role in securing a strong economy, establishing equity among customers, and producing revenue sufficient to provide safe, reliable, and environmentally-sensitive utilities services. TPU strives to ensure rates will be adequate, fair, just, and reasonable.

**Values**

1. TPU values utilities rates that produce sustainable and sufficient revenue to ensure reliable utility operations while meeting all debt-service requirements.

2. TPU values fair and just utilities rates that equitably assign costs of providing services to each customer class.

3. TPU values proactive community engagement as part of proposed rate adjustments.

4. TPU values planning gradual and consistent utility rate changes that are stable and predictable over the long term and avoid sudden or large changes within customer classes.

**Outcomes**

1. Utilities rates at the lowest levels reasonably sufficient to sustain safe and reliable utility operations, the goals in TPU strategic plans, and debt service over the near and long term.

2. Rate Policy Statements that detail and expand on the Strategic Directives for Tacoma Power, Water, and Rail.
3. Proactive customer/community outreach accompanies rate adjustments.

**Measurements**

1. Rate Impact Benchmarks
2. Coordinated customer/community outreach plans/schedules

**Reporting**

Frequency: Quarterly or as otherwise appropriate

Method: Biennial budget and rates process
I. **Purpose**

Tacoma Public Utilities (TPU) is committed to proactive engagement and open dialogue with customers and other stakeholders to understand their needs and improve service that informs decision-making while enhancing community understanding of TPU’s operations, programs, and services.

II. **Values**

1. As a publicly-owned, municipal utility, TPU values the relationship with our owners (citizens of Tacoma), customers, and stakeholders.

2. TPU believes in open and transparent governance.

3. TPU values robust, ubiquitous, and equitable customer and stakeholder engagement throughout our service territories.

4. TPU believes in continually evolving our customer and stakeholder engagement efforts to equitably engage customers and stakeholders in their preferred manner.

5. TPU believes that the City of Tacoma’s General Government and other local governments within our territory are essential partners to effectively engage the communities we serve.

6. TPU values working with community partners to better engage the diverse communities we serve.

III. **Outcomes**

1. TPU Board business is conducted in a manner accessible and convenient for our customers and stakeholders.
2. TPU coordinates closely with the City of Tacoma’s General Government and local government partners on relevant outreach activities.

3. TPU uses modern and innovative research techniques to understand the needs and opinions of our customers and stakeholders.

4. TPU equitably engages customers and stakeholders to inform them and seek their input regarding pertinent operations, policies, programs and services that could affect them.

5. TPU staff is present and visible in the community and listens to community needs, shares information about TPU, and provides customer and stakeholder feedback to the Public Utility Board, executives, and staff.

6. TPU staff respond to customer and stakeholder inquiries or requests in a timely fashion with relevant, accurate information.

7. Public information is available in a variety of languages and through diverse communication channels as needed to inclusively reach intended audiences.

IV. Measurement

1. TPU staff will track community engagement activities, including organization(s) involved and messages received and delivered.

2. TPU staff will engage customers and stakeholders and provide the Public Utility Board, TPU executives, and staff with valid quantitative analysis of customer and stakeholder perceptions of TPU and their understanding of operations and programs.

3. TPU staff will regularly engage with local policymakers to understand their evaluation of outreach activities and receive feedback.

V. Reporting

Frequency:
1. On an as needed basis, based on operational activities and community feedback to TPU executives and staff;
2. On an as needed basis, based on operational activities and community feedback to the Public Utility Board;
3. Not less than biannually to the Executive Leadership Team;
4. Not less than biannually to the Public Utility Board.
RESOLUTION NO. U-11100

A RESOLUTION authorizing the execution of a utility installation agreement between Tacoma Power and Sierra Pacific Industries.

WHEREAS the City of Tacoma, Department of Utilities, Light Division (d.b.a. “Tacoma Power”), Transmission & Distribution Engineering, has provided engineering support to Sierra Pacific Industries since 2014, concerning property called the Fredrickson Industrial Park, in Fredrickson, Washington, and

WHEREAS a Utility Installation Agreement ("Agreement") is proposed to assist Sierra Public Industries with the development of approximately 335 acres for large commercial developments and industrial sites, and

WHEREAS Sierra Public Industries has requested that Tacoma Power install a 4,400 ft. feeder back bone across the Fredrickson Industrial Park property to serve future loads, and

WHEREAS the proposed installation is a customer-funded project in the amount of $290,900; Now, Therefore;

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

That Tacoma Power’s request to execute a Utility Installation Agreement with Sierra Pacific Industries, to install a 4,400 ft. feeder back bone across the Fredrickson Industrial Park property to serve future loads, as described in the backup materials on file with the Clerk of the Board, in the amount not to exceed $290,900, to be funded by the customer in advance of construction, is hereby approved, with administrative authority, per TMC 1.06.269 A, for the Director to authorize amendments to the Agreement up to

1.06.269 A, for the Director to authorize amendments to the Agreement up to
an additional $200,000, including term extension and contract renewals, and that the proper officers of the City are authorized to execute said Agreement substantially in the form as on file with the Clerk and as approved by the City Attorney.

Approved as to form and legality:

Chair

Chief Deputy City Attorney

Secretary

Clerk

Adopted
TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Eric Dodgen, Power Engineer, Transmission & Distribution Engineering
MEETING DATE: 08/29/19
DATE: 08/16/19

SUMMARY: Sierra Pacific Industries (SPI) is developing approximately 335 acres for large commercial developments and industrial sites. SPI has requested Tacoma Power to install a 4,400' feeder backbone across their property to serve future loads. T&D Engineering is asking for consideration and approval of the Sierra Pacific Industries Utility Installation Agreement (Customer-Funded) for the amount of $290,900.

BACKGROUND: In 2014, SPI asked Tacoma Power to perform an Interconnection Study to connect a 4.5 MW sawmill plant in the Spanaway area. Then in 2017, SPI decided to develop their property for industrial use and created the Fredrickson Industrial Park. Additionally, in September 2018, SPI and Tacoma Power entered into a Letter of Agreement (with a $30,000 SPI deposit) establishing that Tacoma Power would provide engineering support, look at feeder alternatives and design, and establish a Construction Agreement.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?
No

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.
This is a customer-funded project. All costs will be paid up front and actuals will be trued up upon completion of project.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING $200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR?
Yes

ATTACHMENTS:
1) Interconnection Study – Spanaway Sawmill Complex Project dated July 8, 2014
2) LOA between SPI and Engineering dated September 19, 2018

CONTACT: John Merrell, P.E., T&D Engineering, Assistant Manager, 253 502-8714
Thad Glassy, P.E., T&D Engineering, Power Supervisor, 253-502-8704
Joseph A. Wilson, P.E., T&D Section Manager, 253 502-8286
UTILITY INSTALLATION AGREEMENT (Customer Funded)
~Sierra Pacific Industries Project~

This UTILITY INSTALLATION AGREEMENT ("Agreement") with an effective date as of ____ day of the ____ month 2019 ("Effective Date") is made by and between Sierra Pacific Industries doing business in Washington State (hereinafter referred to as "CUSTOMER"), and the CITY OF TACOMA, Department of Public Utilities, Light Division, a municipal corporation of the State of Washington (hereinafter referred to as "Tacoma Power" "TPWR" and/or "City"). CUSTOMER and Tacoma Power each may be referred to as a "Party," or collectively as the "Parties."

RECITALS:

WHEREAS, CUSTOMER is developing properties it owns in the Frederickson area in Pierce County, Washington on the following tax parcels 0318022030, 0318024012, 0318028004, 0318021023, 0318024005, 0318021009, and 0318028001 on which the CUSTOMER intends to develop multiple sites to be sold and further developed in the future (hereinafter referred to as the "CUSTOMER Project").

WHEREAS, CUSTOMER has requested Tacoma Power design and construct an electric distribution power system that extends into the CUSTOMER Project with the intent of establishing improved access to electric service for the future owners/tenants of the development sites;

WHEREAS, Tacoma Power is authorized under Washington law to engage in the production, acquisition, transmission, distribution, and sale of electric power and Tacoma Power anticipates providing future electrical service to the CUSTOMER Project, subject to the installation of certain utility infrastructure improvements and modifications (i.e. utility installation work);

WHEREAS, the scope of utility installation work necessitated by the CUSTOMER Project includes construction and relocation of electrical infrastructure facilities, components, and devices and related equipment ("Electrical Infrastructure") owned and operated by Tacoma Power;

WHEREAS, all of the utility installation work required to be performed by Tacoma Power pursuant to this Agreement involving Electrical Infrastructure, together with related design engineering and inspection services to meet applicable safety and operating requirements, shall be deemed to be and is referred to herein as "Tacoma Power Work" (as further defined in Section 1.3 h. below and in the Exhibits to this Agreement);

WHEREAS, CUSTOMER has requested Tacoma Power to perform the utility installation work and related services specified herein that is necessary to install power across its property along the 200th St. E. alignment, and Tacoma Power is prepared to
perform said work and services, provided all new and modified facilities required for such new power are designed, constructed, and completed as set forth in this Agreement;

WHEREAS, certain utility installation work incidental and necessary to the Tacoma Power Work will be the sole responsibility of the CUSTOMER regardless of whether said installation work pertains to Electrical Infrastructure that is currently, or will be upon completion of the CUSTOMER Project, owned and operated by Tacoma Power. To arrange for the orderly and timely performance of all utility installation work for the CUSTOMER Project, CUSTOMER is required to fully perform certain underground utilities structure work pursuant to this Agreement that includes installation of electrical conduits and pre-cast concrete vaults compatible with the Tacoma Power Work. All said utility installation work shall be deemed to be and is referred to herein as the “CUSTOMER Work” (as further defined in Section 1.3 f. below and in the Exhibits to this Agreement);

WHEREAS, all CUSTOMER Work will be performed by and through CUSTOMER’s separately contracted construction and/or electrical contractor(s) (as further defined in Section 1.3 j. below) per Tacoma Power’s engineered design set forth in the “Construction Documents” attached hereto as Exhibit A and Exhibit B (and as further defined in Section 1.3 b. below). Notwithstanding any performance bond beneficiary status pursuant to Section 6.3 herein, Tacoma Power shall not be deemed a party to any contract(s) by and between CUSTOMER and its CUSTOMER Contractor and the CUSTOMER will be solely responsible for, and shall pay, all costs of CUSTOMER Contractor- performed work required hereunder; and

WHEREAS, CUSTOMER will be solely responsible for, and pay, all developmental costs to complete the CUSTOMER Project including, but not limited to, all time and materials costs incurred by Tacoma Power to perform the Tacoma Power Work and further design and inspection services related to the CUSTOMER Work as specified in and pursuant to this Agreement. Such costs specifically include “Direct Costs” (as defined in Section 1.3 a. below) and may include further costs for Additional Work per Article 2.1.3 and/or Extra Work per Article 4. Notwithstanding the foregoing, it is understood and agreed that Tacoma Power will own and operate all resulting Electrical Infrastructure unless expressly noted otherwise herein.

IN CONSIDERATION OF the mutual promises set forth herein and the mutual benefits to be derived hereunder, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 - SCOPE

1.1 Purpose and Intent. The purpose of this Utility Installation Agreement is to set forth the terms and conditions pursuant to which the Parties will cooperatively undertake, at CUSTOMER’s sole expense, all Electrical Infrastructure work and
associated equipment and materials needed for the Project and as necessary to meet applicable safety and operating requirements.

It is intended that Tacoma Power will perform the Tacoma Power Work and provide equipment and materials, as specified herein and in the Construction Documents attached hereto, involving Electrical Infrastructure including the design, installation, relocation, and construction and inspection work related to the following CUSTOMER Project locations:

1. From the 2600 Block east to the 3900 Block east on 200th street east - The CUSTOMER Project necessitates installation work involving Electrical Infrastructure that is, or will be, owned and operated by Tacoma Power including, but not limited to:
   a. Construction of a new 12.47kV distribution power line consisting of overhead and underground components for the purpose of providing improved access for future connections to Tacoma Power’s electrical system with limited electric power supply capabilities.

It is intended that CUSTOMER, by and through the CUSTOMER Contractor will perform the CUSTOMER Work and provide equipment and materials, as specified herein and per the attached Construction Documents (Exhibit A) including: (i) the underground utility structure construction and related management activities necessary for the installation of underground vaults and conduits for Electrical Infrastructure for the CUSTOMER Project, and (ii) all other PROJECT work, equipment, materials, and any design or inspection coordination activities not specified to be performed or provided by Tacoma Power as part of the Tacoma Power Work.

Further elaboration of the Parties’ intended roles and responsibilities under this Agreement is provided in the definitions of “Customer Work” and “Tacoma Power Work” found in Section 1.3 f. and h., respectively.

1.1.1 In further elaboration of the foregoing, this Agreement and the attached Exhibits A and B provide for all Tacoma Power Work and Customer Work to be performed and completed in accordance with:

1. Construction Drawings from Tacoma Power to support the CUSTOMER Project
2. Construction Standards

1.2 Incorporation of Recitals. The Parties acknowledge that the above stated Recitals are true and accurate and are incorporated as contractual provisions herein.

1.3 Definitions.
“Direct Costs” shall mean and include all costs and expenses incurred by Tacoma Power directly related to the Customer Project as provided under this Agreement and shall include, without limitation:

1. All costs and expenses of materials, equipment, supplies, utilities, consumables,
goods and other items used or incorporated in connection with and in furtherance of this Agreement and any taxes, insurance, and interest expenses related thereto, including activity pricing for inspection, engineering, crews and equipment.

2. All labor costs and expenses incurred to date and pursuant to this Agreement for the design, inspection, and construction activities and/or tasks designated to be performed by Tacoma Power hereunder. Such costs are inclusive of payroll benefits and overhead for applicable labor classifications.

3. All cost and expenses incurred to date and during performance of this Agreement for any work performed by City consultants or contractors that pertains to CUSTOMER Project and as necessary to undertake and complete the Tacoma Power Work under this Agreement.

4. All costs for general overhead charges, External Overhead Billing Rate (EOBR), currently 14.2% of the sum of all of the above costs. The rate applicable at time of service shall apply.

"Construction Document(s)" means the plans and specifications for the Project provided by CUSTOMER consultants in coordination with CUSTOMER and/or the CUSTOMER Contractor pursuant to this Agreement, which include the (i) specifications, standards, and requirements applicable to the CUSTOMER Work attached hereto as Exhibit A, and (ii) specifications, plans, drawings, and sketches applicable to the Tacoma Power Work attached hereto as Exhibit B, which said Exhibits A and B are, by this reference, fully incorporated herein.

"Field Representative(s)" means the person(s) identified by Tacoma Power as having inspection authority or whom direct Tacoma Powers field forces for construction activity.

"Inspection Work" means all labor, equipment and material necessary for Tacoma Power to monitor the CUSTOMER Work to ensure conformance with the Construction Documents. Duties of this Inspection Work, which will be performed by Tacoma Power's designated Construction Inspector (a Field Representative), include:

1. Monitoring of electrical conduit duct and vault infrastructure construction.

2. Approving or rejecting materials for conformance with Construction Documents through the Tacoma Power Engineer.

3. Rejecting work not in conformance with the Construction Documents through the Tacoma Power Engineer.

4. Confirming proofing tests for new electrical conduit duct and vault infrastructure.

5. Verifying the CUSTOMER Work is conducted in accordance with the Tacoma Power T&D Construction Standards.
6. Coordinating power outages with the customer's representatives.

7. Generating punch lists ahead of final acceptance, and recording as-built information.

Direct Costs of all of the foregoing work performed by Tacoma Power shall be pre-paid and/or fully reimbursed by CUSTOMER hereunder.

"Project Manager" means the respective persons designated by the Parties in Section 5.3 herein to be the point of contact for design and contract changes and/or updates.

"CUSTOMER Work" For purposes of this Agreement shall mean the underground utility structure installation work, providing and maintaining access and provide all survey as requested by Tacoma Power for which CUSTOMER is responsible hereunder. All such work shall be performed and satisfactorily completed in accordance with Exhibit A, including all Attachments thereto, and generally includes the following CUSTOMER Project activities: all permitting, traffic control, site preparation, surveying, excavation, inspection coordination, site restoration, and construction work necessary to fully and properly install electrical vaults and communication vaults and conduits per the Construction Documents, together with all costs and expenses required and/or incurred in connection therewith. Such work includes all construction and administrative activities related to and in any way connected with the electrical work performed by the CUSTOMER Contractor and otherwise necessary to successfully complete the CUSTOMER Project.

As further described in the Construction Documents, such work and activities specifically assigned as CUSTOMER Work, refer to Exhibit A, require and involve, but are not necessarily limited to:

1. Protection of Tacoma Power electrical facilities and appurtenant equipment that currently exist on the development site, adjacent properties and/or within the public right-of-way.

2. All necessary construction excavation & restoration on the development site, adjacent properties and/or within the public right-of-way related to the installation of a high-voltage electrical conduit, duct and vault infrastructure to be owned and operated by Tacoma Power to include:
   a. Trenching
   b. Installation of conduit, pre-cast concrete vaults & hand holes
   c. Attachment of conduit risers on Tacoma Power poles.

All of the foregoing work and activities will be utilized in conjunction with the Tacoma Power Work and pertain to all Tacoma Power Electrical Infrastructure within the Project Area and/or impacted by the CUSTOMER Project whether located within Pierce County, or on private property all as described in the Construction Documents (Exhibit A and
Exhibit B). The CUSTOMER Work shall not include the Tacoma Power Work that Tacoma Power is expressly required to perform hereunder.

"Resident Engineer" means the representative designated by CUSTOMER after notice to proceed who will be the point of contact regarding all Project related construction under this Agreement.

"Tacoma Power Work" means all labor, materials, equipment, services, supplies, overheads, applicable taxes and all other activities or items necessary to install, construct, or modify and reconnect Tacoma Power’s existing electric power distribution system and construct new/additional electric distribution system into the CUSTOMER Project. For purposes of this Agreement, the "Tacoma Power Work Sketches" mean all Tacoma Power prepared documents and drawings to be utilized by Tacoma Power to perform its work and are attached hereto in Exhibit B subject to the provisions of the local government franchise.

NOTE This Contract does not include work for the installation and connection of electric services. As electric service needs arise, i.e. as the individual sites within the CUSTOMER Project are developed, Tacoma Power New Service Engineering must be contacted to establish electric service at any location. Individual customer requirements will be established through that process including establishing electric service capacity needs and what is required to meet those needs.

The Tacoma Power Work will include:

1. New 12.47kV overhead and underground power lines from the 3900 Block east along the approximate alignment of 200th Ave E. east to the 2600 Block east and a second de-energized overhead circuit for future load from the 3800 Block east to approximately the 3000 Block east.

2. A Pierce County utility permit will be required for work obtained by The City.

3. Inspection and approval of the conduit and vault system to be installed as part of the Customer Work.

4. Traffic-control as may be necessary to facilitate such work per the Pierce County permitting requirements.

"The City" is used interchangeably with "Tacoma Power" in this Agreement.

"CUSTOMER Contractor" means the General Contractor and/or Electrical Contractors designated by CUSTOMER to prosecute the CUSTOMER Project and to perform the CUSTOMER Work hereunder for and on behalf of CUSTOMER.

NOTE All references to the "CUSTOMER Contractor" herein shall expressly include and refer to any and all subcontractors acting by and through the CUSTOMER Contractor.
Notwithstanding any separate contract executed by CUSTOMER with the CUSTOMER Contractor that may pertain to the CUSTOMER Project, CUSTOMER shall be and remain fully bound and responsible hereunder for the (i) full and proper performance of the CUSTOMER Work, (ii) full and proper completion of the CUSTOMER Project as a whole, other than performance of work and services expressly identified as "Tacoma Power Work" herein, and (iii) the payment of all costs and expense of the CUSTOMER Project as provided for hereunder. All of the foregoing shall be fulfilled in accordance with the terms and conditions of this Agreement.

The installation of the electrical conduit and vault system must be performed by a qualified electrical contractor and must be licensed in the State of Washington under Chapter 19.28, Revised Code of Washington (RCW). All work must be completed in accordance with the Tacoma Power Design, construction, and inspection standards.

"CUSTOMER Project Area" means all lands, public and private whereupon utility work will be performed for the CUSTOMER Project pursuant to this Agreement and includes all areas identified, described or delineated in the Construction Documents (Exhibits A and B) and/or in the drawings attached thereto, all of which have been fully incorporated herein.

"Point of Delivery" or "Points of Delivery" means the demarcation point/location where Tacoma Power's infrastructure/wiring terminates and is connected to the customer's premises infrastructure/wiring.

"Tacoma Power Project Engineer" For purposes of this agreement this assigned individual will be responsible for producing the electrical and civil design for Tacoma Power infrastructure as a result of the project. This individual will also be responsible for reviewing any substantive changes to the electrical and/or civil design for infrastructure installed or altered as requested by the CUSTOMER. This includes alignment of the medium voltage electrical system, conductor sizing & quantities, transformer sizing, conduit & concrete vault selection, and pole & guy ing locations & selection. Tacoma Power Project Manager may assign project related duties to this individual as necessary.

ARTICLE 2 – RESPECTIVE PROJECT OBLIGATIONS

2.1 City Obligations

2.1.1 Design & Work. Tacoma Power will provide all Construction Documents, Inspection Work, and defined Tacoma Power Work noted in the Construction Documents. The preparation of Construction Documents, Inspection Work, and Tacoma Power Work shall be performed by Tacoma Power per the design requirements set forth in Tacoma Power’s T&D Construction Standards. City Inspection Work will be provided as scheduled or required during CUSTOMER and/or the CUSTOMER Contractor’s prosecution of the CUSTOMER Work. It is expressly understood that by performing the Inspection Work Tacoma Power shall not be deemed to have any direct control over the
CUSTOMER Project and/or CUSTOMER Work or to have assumed any duties or liabilities for the full, proper, and lawful prosecution of the CUSTOMER Project and/or CUSTOMER Work; all of which is and shall remain at all times the sole responsibility of CUSTOMER. All Tacoma Power communications regarding inspection, acceptance, approval, rejection or modification of the CUSTOMER Work will be addressed to the CUSTOMER Resident Engineer, or Project Manager.

2.1.2 Inspection Work. Tacoma Power agrees to provide Inspection of CUSTOMER Contractor’s work during the performance of the CUSTOMER Work including, but not limited to, installation of the vaults and ducts. Such Inspection Work shall be for the exclusive purpose of confirming said performance complies with the Construction Documents including, but not limited to, the agreed upon drawings and Tacoma Power standards therein. CUSTOMER’s Resident Engineer is to schedule the Inspection Work in such manner as not to unreasonably delay or interfere with CUSTOMER Contractor performance of the CUSTOMER Work; provided, that Tacoma Power shall not be responsible for any costs or claims based on delay attributable to CUSTOMER Contractor and/or their sub-contractor(s).

2.1.3 Additional Work. Except as specifically set forth in this Agreement and/or in the Exhibits attached hereto, any additional utility installation work necessary to accommodate the multitude of construction activities involved in the CUSTOMER Project shall be subject to additional design by the Tacoma Power Project Engineer, labor, equipment, services, materials and supplies costs. CUSTOMER Contractor (as defined in Section 1.3 j. above) shall be responsible for the timely request and coordination of all such additional work. Requests for additional work shall be submitted to Tacoma Power’s Project Manager and processed as a change order. The cost of such additional work shall be in addition to the amounts set forth in the Preliminary Cost Estimate, (which is attached hereto as Exhibit C and fully incorporated herein by this reference) and CUSTOMER shall be solely responsible for, and shall pay, such cost to Tacoma Power.

2.2 CUSTOMER Obligations

2.2.1 Work to be Performed. CUSTOMER shall be, at its sole cost and expense, responsible for the full and complete performance of the CUSTOMER Work as specified herein and in Exhibits. The CUSTOMER Work shall comply with all applicable laws and regulations whether or not set forth in Exhibits. In performing the CUSTOMER Work, CUSTOMER shall be responsible for all CUSTOMER Work construction contracting functions including, but not limited to, those related to the CUSTOMER Contractor.

2.2.2 Scheduling. Prior to commencement of any work on the Project including, but not limited to the CUSTOMER Work, CUSTOMER Contractor shall provide a construction schedule to Tacoma Power and shall thereafter timely notify Tacoma Power of scheduling changes related to the CUSTOMER Project that are expected to materially impact the CUSTOMER Work or Tacoma Power Work schedules. CUSTOMER contractor shall provide weekly progress reports to Tacoma Power and
schedule work coordination meetings with Tacoma Power as necessary to allow Tacoma Power to coordinate and timely complete the Inspection Work and Tacoma Power Work. CUSTOMER's Resident Engineer shall coordinate with Tacoma Power's Field Representative, Tacoma Power Project Engineer, or Project Manager, as appropriate, to accomplish desired changes or corrections to Tacoma Power's Inspection Work and/or Tacoma Power Work in the field as necessary to avoid delays to CUSTOMER Work activities. The CUSTOMER Resident Engineer will handle all communications with the CUSTOMER Contractor.

2.2.3 Property Rights. CUSTOMER shall obtain and convey, at no cost to Tacoma Power, any access, licenses, easements and/or rights of way upon, over, under and across lands comprising the CUSTOMER Project as necessary for Tacoma Power to perform and complete the Tacoma Power Work, and shall at all reasonable times provide Tacoma Power and/or its employees, representatives, agents and/or contractors free access to such lands.

1. CUSTOMER shall further obtain for and/or assign to Tacoma Power all access and use rights, including but not limited to easements reasonably necessary to allow Tacoma Power to operate, maintain, repair, and reconstruct all CUSTOMER Project electrical facilities in the future. Tacoma Power shall at its sole discretion approve the adequacy of such access and/or property rights, and such approval shall not be unreasonably withheld.

2. Tacoma Power may agree, in its sole discretion and shall not be obligated, to procure additional access, easements, licenses, and/or rights of way as reasonably necessary to performance of the Tacoma Power Work on property owned by persons or entities other than CUSTOMER; in which event, all costs incurred by Tacoma Power shall be deemed a Direct Cost hereunder and reimbursed by CUSTOMER. Tacoma Power will not be obligated to commence Tacoma Power Work on any property unless or until approved access and/or property rights have been established.

3. Per Section 2.2.6 below, CUSTOMER shall be responsible for all surveying and documentation preparation work required to secure and formally establish any and all of the foregoing property rights.

2.2.4 Performance of Work. As further specified herein and in Exhibit A, CUSTOMER will employ all CUSTOMER Contractor and other persons or entities necessary to perform the CUSTOMER Work. Without limiting the foregoing, CUSTOMER shall be responsible for environmental compliance, permitting, management, control, construction, and inspection necessary to fully and properly complete the CUSTOMER Work.

2.2.5 Work Area. CUSTOMER shall require the CUSTOMER Contractor to coordinate with Tacoma Power "Project Manager" to ensure Tacoma Power has accessible and adequate work areas including the acquisition of additional property rights as necessary.
for Tacoma Power’s use so as to not unreasonably delay or interfere with the performance of the Tacoma Power Work within the CUSTOMER Project.

2.2.6 Surveying/Staking and Documentation. CUSTOMER Contractor shall provide all surveying, staking, and elevations identification as requested in writing by Tacoma Power as necessary to allow complete performance of the Tacoma Power Work within the CUSTOMER Project Area. Staking shall be completed within five (5) business days of receipt of such notice.

At the conclusion of the CUSTOMER Work and Tacoma Power Work the CUSTOMER shall perform and complete surveying work, and prepare as-built documentation and drawings based thereon, for all Project electrical facilities and utility installations as necessary to (i) identify and establish easements and other property access rights granted to Tacoma Power hereunder, and (ii) enable Tacoma Power to obtain further formal easement or property access rights as set forth in Section 2.2.3 above. Such surveying, documentation, and drawings shall include, but not be limited to, all conduits, vaults, cabling, pad mounted equipment, SSB equipment poles, anchors, and overhead line installations.

2.2.7 Clearing & Grubbing. CUSTOMER Contractor shall provide and perform all required clearing and grubbing requested in writing by Tacoma Power as necessary to allow complete performance of the Tacoma Power Work. Clearing and grubbing shall be done in a timely manner as to not unreasonably delay or interfere with the Tacoma Power Work.

2.2.8 Electrical Service Cancellations. If necessary and as required by applicable law, CUSTOMER Contractor shall timely submit to Tacoma Power service cancellation requests for all service property located within the CUSTOMER Project Area and/or impacted by the CUSTOMER Project so as not to unreasonably delay or interfere with the Tacoma Power Work. For service properties not owned or controlled by CUSTOMER, the CUSTOMER will contact service customers and coordinate service cancellation requests by the customer as necessary to ensure that all required service cancellation requests are timely received by Tacoma Power to avoid delay of the Tacoma Power Work.

2.2.9 Coordination with other Utilities. CUSTOMER Contractor shall coordinate with other utilities to ensure the Tacoma Power Work is not unreasonably delayed or interfered with.

2.3 Schedule of Work

2.3.1 Schedule for the CUSTOMER Project, CUSTOMER Work and/or Tacoma Power’s Work. Prior to commencement of any CUSTOMER Work or any work on the CUSTOMER Project that may impact the Tacoma Power Work, CUSTOMER shall provide to Tacoma Power the CUSTOMER Contractor’s proposed schedule(s) for the
completion of the CUSTOMER Work and other CUSTOMER Project work that may impact or be dependent upon the Tacoma Power Work.

1. The Parties will, in good faith, develop and agree upon a schedule of work for the Tacoma Power Work including schedule stages and milestones, notice requirements or other schedule-related issues ("Schedule of Work"), which shall be attached and incorporated into this Agreement as **Exhibit D** by the Parties. The Schedule of Work shall consider and reflect the following:
   a. Tacoma Power estimates 8 weeks of work for its forces.
   b. For scheduling purposes, this work is expected to be on a straight time basis. If additional work is required see Article 4.
   c. Weather conditions may impede this work plan.
   d. Emergency operations will take precedence on Tacoma Power's work force commitments.
   e. Tacoma Power's work schedule and priorities, including priorities imposed by the Tacoma Municipal Code (TMC), will be developed in coordination with the CUSTOMER Project Manager.

2. CUSTOMER Contractor will administer its construction work and activities in accordance with the agreed upon Schedule of Work and timely notify Tacoma Power of any scheduling changes related to the CUSTOMER Project that are expected to materially impact the CUSTOMER Work and/or Tacoma Power's Work. CUSTOMER' Resident Engineer shall coordinate with Tacoma Power's Project Manager as necessary to avoid delays to CUSTOMER Contractor performance.

3. Following commencement of the CUSTOMER Work, Tacoma Power shall timely notify CUSTOMER Project Manager in writing of any changes in the schedule of Tacoma Power Work that are expected to impact the CUSTOMER Work and CUSTOMER Contractor shall exercise good faith efforts to incorporate such changes into its construction schedules to minimize any delay or adverse impacts.

**2.3.2 The Schedule of Work.** Shall incorporate the Construction Tasks to be performed by CUSTOMER Contractor for Tacoma Power, which will include work on existing and new underground facilities as described in Exhibits, in order to maintain continuous electrical service to Tacoma Power customers and/or avoid delay to Tacoma Power Work.

**2.4 Changes to Construction Documents**

**2.4.1** In the event Tacoma Power submits a written change in **Exhibits A and/or B** after commencement of the CUSTOMER Work, CUSTOMER shall have ten (10) business days following receipt to review and approve any such submittal; which approval shall not be unreasonably withheld. Should CUSTOMER not approve the
change as submitted, CUSTOMER shall provide written comments to Tacoma Power specifying the reasons for non-approval.

2.4.2 In the event CUSTOMER requests a change in Exhibit A and/or B after commencement of the CUSTOMER Work, CUSTOMER shall provide Tacoma Power with written notice specifying the basis and scope of such proposed change. Within ten (10) business days following receipt of such notice, Tacoma Power shall review such request and either (i) approve such change and modify Exhibits A and/or B accordingly, which approval shall not be unreasonably withheld, or (ii) provide written comments to CUSTOMER.

2.4.3 All proposed or actual changes to Exhibits A and B requested by CUSTOMER, which result in a cost increase over the Preliminary Cost Estimate (Exhibit C), shall be paid solely by CUSTOMER. All proposed or actual changes to Exhibit A requested by Tacoma Power that result in such cost increase shall be governed by Article 4 below. The Parties agree to work cooperatively to timely resolve any disputes arising out of the review process for changes to Exhibits A and B, using the process set forth below in Article 8.

ARTICLE 3 – PAYMENT OBLIGATIONS OF CUSTOMER

3.1 Payment

CUSTOMER agrees that it shall be responsible for, and shall fully pay, all of the City’s actual Direct Costs (as defined in Section 1.3 a. above) related or attributable to the CUSTOMER Project. CUSTOMER’s payment obligation for Tacoma Power’s design, Inspection Work, and Tacoma Power Work to be performed hereunder is estimated at $290,900, as more fully described in the Preliminary Cost Estimate (Exhibit C). The Preliminary Cost Estimate set forth in (Exhibit C) may be modified based on (i) the procedures for changes to the Construction Documents and/or adjustment of costs as provided in Section 2.4, or (ii) Article 4 of this Agreement. Said payment obligation is based on a preliminary estimate of the cost for Tacoma Power design services, Inspection Work, and Tacoma Power Work to be performed hereunder and reflects the Parties’ best estimates of the Direct Costs that may be incurred by Tacoma Power under this Agreement. Actual payments required under this Agreement shall be based on actual work performed and materials provided under this Agreement. In the event it is determined that the scope of work for which Tacoma Power is responsible hereunder has been accomplished for a lesser amount than identified in this Agreement, CUSTOMER shall only pay for actual Direct Costs.

3.2 Invoices & deposits

An Initial Deposit of $30,000.00 from the CUSTOMER was received by Tacoma Power on September 25, 2018 for Engineering. Upon mutual execution of this Agreement, Tacoma Power shall provide an invoice to CUSTOMER (c/o Accounts Payable) for the remaining balance of the Preliminary Cost Estimate of $260,900. CUSTOMER shall
immediately tender payment to Tacoma Power for said remaining balance as invoiced. It is understood and agreed that said remaining balance amount together with the prior Initial Deposit of $30,000 equals the total Preliminary Cost Estimate sum of $290,900. Subject to the terms and conditions of this Agreement, CUSTOMER shall, within thirty (30) days of receipt of any further invoices, reimburse Tacoma Power for any Direct Costs incurred in excess of said Preliminary Cost Estimate. It is agreed that Tacoma Power will not begin actual construction activities associated with the Tacoma Power Work until full payment for the Preliminary Cost Estimate has been paid; furthermore, Tacoma Power may cease performance hereunder if any invoiced amount is not paid within thirty (30) days following issuance.

3.3. Records. Tacoma Power shall, in accordance with its standard processes and procedures, keep records of the Direct Costs using a work order accounting system.

3.4. Invoices shall be mailed to:

Accounts Payable
Sierra Pacific Industries
Attn: Gary Blanc
P.O. Box 496014
Redding, CA 96049

3.5. Payment. Except for the Initial Payment, the remaining balance is due upon effective date of this Agreement; CUSTOMER shall fully pay each invoice submitted by the City within 30 calendar days of receipt of the invoice. Checks shall be made payable to the Treasurer, City of Tacoma and shall be mailed to:

Tacoma Power
c/o Eric Dodgen, P.E.
3628 South 35th Street, ABS-M
Tacoma WA, 98409-3192

In the event CUSTOMER fails to pay any monies to the City as and when due hereunder, CUSTOMER shall pay interests on such unpaid sum from thirty (30) calendar days after the date due at an annual rate equal to twelve percent (12%) per annum, or the maximum rate permitted by law, whichever is less. Tacoma Power reserves the right to suspend performance hereunder, including but not limited to construction activities, for non-payment.

Notwithstanding any contested invoice by CUSTOMER, per Section 3.6 below, CUSTOMER shall make full payment on all invoices issued by Tacoma Power.

3.6. Contested charges. CUSTOMER may contest a charge for any Tacoma Power Work detailed in an invoice within 30 days of receipt of such invoice by providing written notice to Tacoma Power specifying the charges and/or documentation in dispute. Upon receipt of such notice, Tacoma Power will investigate items contested and make
appropriate amendments to the invoice, if necessary. If warranted, Tacoma Power will arrange a meeting between the Parties to discuss CUSTOMER concerns as specified in its written notice. The Parties shall attempt to resolve all disputes within 30 days of the date of notice of a contested invoice. At or before the end of said period, CUSTOMER shall submit any outstanding items to Dispute Resolution as provided in Article 8. It is further agreed that at the time of a final audit, all required adjustments will be made and reflected in a final payment. Interest shall not accrue on the contested part of any billing until mutually resolved. CUSTOMER will not unreasonably contest any bill.

3.7 Refund. Upon completion of the CUSTOMER Project, the Direct Costs actually incurred by Tacoma Power will be compared with the total amount(s) actually paid by CUSTOMER based upon the Initial Payment and all other payment(s) for any subsequently invoiced Direct Costs. If an overpayment to Tacoma Power exists, then a refund will be made to CUSTOMER within 60 days. If an underpayment to Tacoma Power exists, then CUSTOMER shall tender such amount within 60 days.

3.8 Audit. During the progress of the Parties work under this Agreement and for a period not less than three (3) years from the date of final payment to the City, the records and accounts pertaining to the Parties' work under this Agreement and accounting therefore are to be kept available for inspection and audit by either Party. Copies of all records, accounts documentation or other data pertaining to the Project will be made available for inspection, copying, or audit upon written request by either Party. If any litigation, claim, or audit is commenced, the records and accounts along with supporting documentation shall be retained until all litigation, claim or audit finding has been resolved even though such litigation, claim or audit continues past the three-year retention period.

In the event a written request to audit is received, the recipient Party agrees to cooperate fully with the auditor or independent auditor chosen, retained, and paid by the requesting Party. In the event the audit determines that CUSTOMER has paid Tacoma Power in excess of the amounts properly due hereunder, Tacoma Power will promptly refund the excess amount to CUSTOMER. In the event the audit determines that Tacoma Power has incurred costs for its design, Inspection Work, and/or the Tacoma Power Work that exceeds payment made by CUSTOMER, CUSTOMER shall promptly pay Tacoma Power the amount owed. In the event the Parties cannot agree on the results of the audit, or upon a method of refund or payment, the disagreement shall be dealt with in accordance with the Dispute Resolution provisions of Article 8 below.
ARTICLE 4 - EXTRA WORK

In the event either Party identifies additional work, other than additional work due to unforeseen conditions, that require an increase over the Preliminary Cost Estimate for the Tacoma Power Work as set forth in Exhibits A and B, the Party asserting such additional work will provide written notice thereof to the other Party. The Parties agree to negotiate in good faith to modify this Agreement to authorize any increased payment resulting from such additional work. For additional costs due to unforeseen conditions, CUSTOMER shall be responsible for and pay such costs.

Actual or proposed cost increases of less than $10,000.00 over the amount set forth in Exhibit C will not require formal approval by CUSTOMER to be chargeable by, and paid to, the City. Any necessary authorization(s) for payment shall be processed in a timely manner to avoid delaying work by Tacoma Power and/or the CUSTOMER Contractor.

Actual or proposed cost increases of $10,000.00 or more over the amount set forth in Exhibit C, including payment for increased work and/or a substantial change in the scope of the Tacoma Power Work, shall be limited to Direct Costs allowed by written modification, change order, or extra work orders which are to be pre-approved by the Parties and pre-paid by CUSTOMER.

ARTICLE 5 – PROJECT ADMINISTRATION AND REPRESENTATIVES

5.1 It is acknowledged that CUSTOMER, by and through the CUSTOMER Contractor, shall be responsible for all administrative activities required for the Project except as expressly agreed otherwise hereunder. It is further acknowledged that such administrative activities shall ensure all CUSTOMER Work is completed to Tacoma Power standards and that in no event shall performance of Inspection Work by Tacoma Power personnel result in delegation to, or assumption by, Tacoma Power of any duty to complete and pay for such work or of any other obligation or responsibility of CUSTOMER hereunder.

5.2 Permits. Except as otherwise specifically provided herein, CUSTOMER shall be responsible, at its sole expense, for acquiring all necessary permits, including but not limited to construction easements, or other governmental approvals necessary to perform and complete the CUSTOMER Project. Tacoma Power shall not be responsible for securing any permits or easements for the prosecution of the CUSTOMER Work. The Parties agree that CUSTOMER may assign responsibility to the CUSTOMER Contractor for obtaining any permits necessary for performance of the CUSTOMER Work.

5.3 Administration. The following designated Project Managers shall be responsible for administrating the joint and cooperative undertaking of the Project as described herein:
5.3.1 Tacoma Power's Project Manager shall be Eric Dodgen, P.E. All Project related work, including correspondence with Tacoma Power, review and approval of changes to Construction Documents, scheduling, participation, and other activities related to the CUSTOMER Work and the Tacoma Power Work shall be coordinated through said Project Manager.

Tacoma Power
c/o Eric Dodgen, P.E.
3628 South 35th Street, ABS-M
Tacoma WA, 98409-3192
(253) 502-8582 Office
edodgen@cityoftacoma.org

5.3.2 CUSTOMER Project Manager shall be Paul Roeder. All Project related work including, but not limited to, CUSTOMER Work and Tacoma Power Work correspondence with CUSTOMER regarding the administration of this Agreement shall be coordinated through said Project Manager. The issuance of approved changes to the Construction Documents will be handled by the CUSTOMER Project Manager before Notice to Proceed is issued.

Paul Roeder, Project Manager
AllRoed Consulting, LLC
P.O. Box 949
Gig Harbor, WA 98335
paul@allroed.com
503-964-4980

5.3.3 The foregoing designation of Project Managers shall not modify or supersede the dispute escalation process or designated Party representatives set forth in Article 8.

5.4 Field Representatives

5.4.1 Tacoma Power's Designated Field Representative(s) Upon receipt of this CUSTOMER's signed Agreement and authorization of Tacoma Public Utility Board, Tacoma Power shall designate a Field Representative(s) in writing to CUSTOMER. The Field Representative(s) will be present to assure that Tacoma Power standards are followed, to coordinate any work with Tacoma Powers dispatch office, to assure proper as built documentation is recorded, and to communicate with Tacoma Power's Project Manager.

5.4.2 CUSTOMER Resident Engineer CUSTOMER designates as its Resident Engineer the following: Paul Roeder.
5.4.3 **Tacoma Power Project Engineer** Tacoma Power designates as its Project Engineer the following:

Tacoma Power
c/o Eric Dodgen, P.E.
3628 South 35th Street, ABS-M
Tacoma WA, 98409-3192
(253) 502-8582 Office
edodgen@cityoftacoma.org

Upon execution of CUSTOMER's signed Agreement and authorization of Tacoma Public Utility Board, CUSTOMER shall designate its Resident Engineer as its field representative. The Resident Engineer will be in control of the construction site and handle all scheduling, inspection, approval, change orders and other construction activities relating to the work under this Agreement. All communications between Tacoma Power and the CUSTOMER Contractor shall be made through the Resident Engineer.

5.5 **Notices.** Except for routine day to day communications, which may be provided by email or facsimile, all notices which may be or are requested to be given pursuant to this Agreement shall be in writing and be deemed given when personally delivered, or when deposited in the United States mail, postage prepaid, and marked registered or certified mail, return receipt requested, and addressed to the parties at the following addresses unless otherwise provided for herein:

---

**To Tacoma Power:**
Tacoma Power
c/o Eric Dodgen, P.E.
3628 South 35th Street, ABS-MS
Tacoma WA, 98409-3192

**To CUSTOMER:**
Paul Roeder, Project Manager
AllRoad Consulting, LLC
P.O. Box 949
Gig Harbor, WA 98335

With a copy to:

Sierra Pacific Industries
Attn: Gary Blanc
P.O. Box 496014
Redding, CA 96049

Either Party may change the address to which notices shall be sent by providing written notice of such change to the other Party.
ARTICLE 6 - INSPECTION AND ACCEPTANCE OF PROJECT WORK

6.1 Timely Inspection/Approvals. In coordination with the CUSTOMER Resident Engineer and as the work progresses, Tacoma Power shall be invited to conduct reasonable and timely inspection of each stage of the CUSTOMER Work. CUSTOMER Contractor shall give at least two (2) business days’ prior notice to Tacoma Power of when work items are scheduled to be performed and are ready for Inspection Work. As stages are completed, Tacoma Power will provide approvals or rejections pursuant to the process in Section 6.2.

6.2 Sequencing of Inspections/Approvals/Acceptance. The CUSTOMER Work will be conducted in stages that require inspections and approvals from Tacoma Power before the CUSTOMER Contractor proceeds with the next stage of the CUSTOMER Work and/or before Tacoma Power proceeds with certain Tacoma Power Work. The sequence of inspections, approvals and final acceptance is as follows:

1. **Inspections.** Tacoma Power will provide regular inspection activities as coordinated with CUSTOMER Resident Engineer via regular communications. If Tacoma Power discovers that the particular elements of the CUSTOMER Work were not performed, or installed per Exhibit A, then Tacoma Power shall give prompt notice to the Resident Engineer of said defect(s) and what work remains to be done. Tacoma Power shall endeavor to complete its inspections and notice of approval or rejection in less than two (2) business days. CUSTOMER and/or the CUSTOMER Contractor will direct all applicable sub-contractors to promptly re-perform or make repairs to the CUSTOMER Work as necessary to fully comply with Exhibit A. Following its inspection and approval, Tacoma Power shall be allowed to use and operate the completed stage of the CUSTOMER Work as part of its utility infrastructure.

2. **Final Inspection.** At the completion of all the CUSTOMER Work, the Resident Engineer will schedule a final inspection with Tacoma Power’s Project Manager and Tacoma Powers Construction Inspector, and Tacoma Power shall have five (5) working days after receipt of written notice from CUSTOMER Contractor to accept or reject the completed CUSTOMER Work (“Final Inspection”). If Tacoma Power discovers that the particular stage or element of the CUSTOMER Work was not performed or installed per Exhibit A, then Tacoma Power shall give prompt written notice to the Resident Engineer of said defect(s) and what work remains to be done. Upon receipt of such notice, the CUSTOMER Contractor will, directly or through its sub-contractor(s), promptly re-perform or make repairs to the CUSTOMER Work as necessary to fully comply with Exhibit A, unless it is reasonably demonstrated that the specified defects are the direct result of actions or omissions by Tacoma Power.

3. **Final Acceptance.** After Tacoma Power has connected the CUSTOMER Work to its utility infrastructure, Tacoma Power will be asked to provide its Final Acceptance of the CUSTOMER Work. Tacoma Power’s final acceptance of
CUSTOMER Work shall occur only when Tacoma Power is satisfied that (i) all such work is completed in accordance with Exhibit A, and (ii) all items indicated on Tacoma Power Inspector's punch list have been completed. Upon such Final Acceptance, Tacoma Power's Project Manager shall provide written notice thereof to CUSTOMER Project Manager and, as requested, to the surety for CUSTOMER's performance bond. Said Final Acceptance signifies full and complete satisfaction of CUSTOMER's contractual obligations hereunder and shall, upon expiration of warranty coverage per Section 6.3 (a) below, serve to release said performance bond.

Except as otherwise expressly stated, nothing in Tacoma Power's inspection, approval, or acceptance of the CUSTOMER Work shall reduce or waive CUSTOMER Contractor's responsibility for performance and full and proper completion of CUSTOMER Work.

6.3 Warranties and Performance Bond

1. Warranties. CUSTOMER fully warrants the CUSTOMER Work, which shall include all contractor and manufacturer's warranties it obtains and/or may assert in connection with said CUSTOMER WORK. The warranty shall be for a minimum period of one (1) year. For any contractor and/or manufacturer warranties extending beyond one (1) year, CUSTOMER will cooperate in good faith with Tacoma Power to fully enforce such warranties on the City's behalf, but CUSTOMER shall not be independently liable for any additional warranty period beyond one (1) year. CUSTOMER, or the CUSTOMER Contractor as applicable, will assign all rights under said warranties to Tacoma Power with respect to all electrical facilities of the CUSTOMER Work.

2. Bonds. To ensure full and complete satisfaction of its obligations hereunder, CUSTOMER or the CUSTOMER Contractor shall obtain and furnish to Tacoma Power a Performance Bond for the cost of the CUSTOMER Work directly related to electrical facilities, together with the estimated additional Direct Costs Tacoma Power may reasonably incur in the event of a significant default hereunder. Such bond shall be:

a. In the amount of not less than $1,000,000.00;

b. Name the City of Tacoma, Department of Public Utilities, Light Division, as the sole obligee thereunder;

c. In a form acceptable to the Tacoma Power's legal counsel; and

d. Be delivered to Tacoma Power prior to commencement of any Tacoma Power Work, or within five (5) business days following the Effective Date of this Agreement, which ever shall first occur.

6.4 Ownership/Use. Tacoma Power shall own all power supply and distribution facilities installed, modified, or otherwise improved pursuant to this Agreement. Upon receiving notice of final acceptance and approval from Tacoma Power Construction Inspector, CUSTOMER shall transfer control of the completed CUSTOMER Work to
Tacoma Power for its use, occupancy, operation and maintenance. Tacoma Power shall thereafter install equipment, cabling, and other miscellaneous fixtures and devices.

Tacoma Power will be responsible for the operation and maintenance of said Utility meters and components, switchgear, conduits, vaults, pad mounted equipment and primary power cables.

ARTICLE 7 - LEGAL RELATIONS

7.1 Indemnification by City. To the extent permitted by law, the City shall protect, defend, indemnify, and save harmless CUSTOMER, and its officers, employees, and agents, while acting within the scope of their employment, from any and all third party claims, demands, judgments, damages, or liability of any kind including injuries to persons or damages to property, including reasonable attorney's fees and costs, which arise out of the negligent acts or omissions of the City, its employees, agents and/or contractors in performing the Tacoma Power Work under this Agreement. The foregoing defense, indemnification and hold harmless provisions shall not apply to the extent the claim, suit, or action for injuries, death, or damages is caused by the negligence or misconduct of CUSTOMER and/or the CUSTOMER Contractor, or their respective officers, employees, agents or contractors. Where such claims, suits, or actions result from concurrent negligence of the Parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the indemnifying Party's own negligence. The City agrees that its obligations under this indemnification section extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents.

7.2 Indemnification by CUSTOMER. To the extent permitted by law, CUSTOMER shall protect, defend, indemnify, and save harmless the City, and its officers, officials, employees, and agents, while acting within the scope of their employment, from any and all third party claims, demands, judgments, damages, or liability of any kind including injuries to persons or damages to property, including reasonable attorney's fees and costs incurred in connection therewith, which arise out of, or in any way result from, or are connected to, or are due to the negligent acts or omissions of CUSTOMER, the CUSTOMER Contractor, and/or their respective officers, employees, agents or contractors in performing the CUSTOMER Work under this Agreement. The foregoing defense, indemnification and hold harmless provisions shall not apply to the extent the claim, suit, or action for injuries, death, or damages is caused by the negligence or misconduct of the City, its employees, agents and/or contractors. Where such claims, suits, or actions result from concurrent negligence of the Parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the indemnifying Party's own negligence. CUSTOMER agrees that its obligations under this indemnification section extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents and/or by the CUSTOMER Contractor or their employees, agents or sub-contractors.
7.3 For purposes of the indemnification provisions set forth in this Article 7, each Party hereby waives, with respect to the other only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW. EACH PARTY EXPRESSLY RECOGNIZES THAT THIS WAIVER WAS THE SUBJECT OF MUTUAL NEGOTIATION. Such waiver shall not, however, be construed as establishing any independent right or cause of action by employees of CUSTOMER against it or by employees of Tacoma Power against it. In the event of any claims, demands, actions and lawsuits, the indemnifying Party upon prompt notice from the indemnified Party shall assume all costs of defense thereof, including legal fees incurred by the indemnified Party, and of all resulting judgments that may be obtained against the indemnified Party. In the event that a Party incurs attorney fees, costs or other legal expenses to enforce the provisions of this section, all such fees, costs and expenses shall be recoverable by the prevailing Party. This indemnification shall survive the termination of this Agreement.

7.4 Insurance

7.4.1 CUSTOMER Coverages. CUSTOMER or the CUSTOMER Contractor that will perform the CUSTOMER Work shall not commence work under this Agreement until all required insurance has been obtained and such insurance has been approved by the City. It is CUSTOMER responsibility to ascertain that all contractors including, but not limited to, the CUSTOMER Contractor (and each of its affiliated sub-contractors that participate in performance of CUSTOMER Work), shall have the insurance as required by this Agreement at all times during performance of the CUSTOMER Work. The insurance coverages required herein shall be maintained and effective at all times any such work is being performed.

1. Workers Compensation Insurance. CUSTOMER shall, at all times during the life of this Agreement, fully comply with all of the terms and conditions of the laws of the State of Washington pertaining to Workers' Compensation together with any and all amendments and supplements thereto and any and all regulations promulgated there-under. In the event any of the CUSTOMER Work herein is sublet, CUSTOMER shall require the CUSTOMER Contractor, and all other contractors and sub-contractors performing work on the CUSTOMER Project, other than Tacoma Power, to fully comply with all of the terms and conditions of the laws of the State of Washington pertaining to Workers' Compensation. For persons engaged in employment who are not within the mandatory coverage of the state Workers' Compensation laws, CUSTOMER shall provide and shall cause the CUSTOMER Contractor and each and every other said contractor and subcontractor to provide workers' compensation insurance (including self-insurance if it otherwise meets all requirements of state Workers' Compensation laws), satisfactory to the City, at least equivalent to the benefits provided for covered employment under state Workers' Compensation laws.
2. Public Liability and Property Damage Insurance. CUSTOMER shall procure and/or maintain during the life of this Agreement a policy of commercial general liability insurance, with an insurance carrier authorized to do business in the State of Washington. The policy shall be subject to the approval, as to form and content, by the Tacoma City Attorney based on evidence thereof in accordance with subsection 7.4.1 (d) below. The policy shall protect the City from liability imposed by law for damages suffered by any persons arising out of or resulting from acts or omissions in the performance of this Agreement: (1) for bodily injury or death resulting therefrom caused by accidents or occurrences resulting from any act or omission by CUSTOMER, the CUSTOMER Contractor, and their respective employees, agents, and other contractors in the performance of the Agreement, and (2) for injury to, or destruction of, any property, including property of the City, and including loss of use. The policy or policies shall include coverage for claims for damages because of bodily injury or death or property damage arising out of the ownership, maintenance or use of any motor vehicle, including hired or non-owned vehicles. The City of Tacoma, Department of Public Utilities, Power Division shall be named in said policy as an additional insured and shall be given 30 days’ written notice of cancellation, nonrenewal, or material change in the coverage provided. Said insurance shall be on a Commercial General Liability form with coverages to include Blanket Contractor, Broad Form Property Damage, Personal Injury, Protective Liability and Employers Liability. Limits shall be at $1,000,000 per occurrence, $2,000,000 aggregate and for contracts in excess of $500,000 the minimum coverage limits include Umbrella Excess Liability of $5,000,000. CUSTOMER shall further furnish CGL policy coverage provisions (e.g. by endorsements) specifying that the City’s insurance is excess to any other collectible insurance and the CUSTOMER’S insurance coverage shall be primary and non-contributing. CUSTOMER shall furnish evidence of the amount of any deductible or self-insured retention under the CGL policy or policies, which amount shall be subject to approval by the City Attorney’s Office for the City of Tacoma if the amount of the deductible or self-insured retention exceeds $20,000. The CUSTOMER shall indemnify and hold harmless for any deductible or self-insurance retained limits of exposure. The City may require CUSTOMER to furnish evidence of its ability to pay the amount of any deductible or self-insured retention. If the policy provides for a deductible or self-insured retention, CUSTOMER shall be solely responsible for paying the amount of the deductible or self-insured retention toward the cost of any claim under the policy. If CUSTOMER fails to maintain such insurance, the City, at its discretion, may obtain equivalent substitute insurance coverage and be entitled to full reimbursement and payment of its costs thereof. Nothing herein contained shall be in any manner construed as limiting the extent to which CUSTOMER or its contractor(s) may be held liable or responsible for payment of damages resulting from their operations.

a. Builder’s Risk. CUSTOMER and the CUSTOMER Contractor shall be expected to protect and insure from loss for any tools and equipment owned or rented by CUSTOMER and/or the CUSTOMER Contractor, and each of their respective sub-contractors, employees or agents. Until the
CUSTOMER Work is completed and finally accepted by the City, all construction is at the sole risk of CUSTOMER and no acceptance of payment by the City shall constitute acceptance of the CUSTOMER Work or relieve CUSTOMER of responsibility to deliver to the City the completed CUSTOMER Work as required by this Agreement.

b. **Proof of Insurance Coverage.** CUSTOMER shall furnish and file with the City, within ten business days of the Effective Date of this Agreement, Acord certificate(s) of insurance coverage evidencing the above insurance requirement types and limits and shall further, upon request provide a signed and authorized letter from its insurance broker stating that the coverages referenced in said Acord Certificates are current and valid. Additionally, CUSTOMER shall upon request in the event of any claim under its insurance provide a copy of its insurance policy or policies verifying the required insurance coverage types and limits, subject to Tacoma Power's execution of a confidentiality and non-disclosure agreement in connection therewith. It is expressly recognized and understood, however, that Tacoma Power is a public agency subject to the Washington State Public Records Act (Chapter 42.56, R.C.W.) and that disclosure of such confidential Information may be compelled by said Act. In the event Tacoma Power determines, in its reasonable legal judgment, that its disclosure of such information is required by Washington's Public Records Act, Tacoma Power agrees to provide CUSTOMER at least ten (10) days prior written notice of impending release and to reasonably cooperate with any legal action that may be initiated by CUSTOMER to enjoin or otherwise prevent such release; provided, that all expense of any such action or litigation shall be borne solely by CUSTOMER including any damages, attorneys' fees or costs or other judgment amounts awarded by reason of having opposed disclosure. Tacoma Power shall not be liable for any release of information where such notice was provided and CUSTOMER took no action to oppose said release.

An up-to-date certificate of insurance must be on file with the City throughout the term of this Agreement.

**ARTICLE 8 - DISPUTE RESOLUTION**

8.1 **Preventing Conflicts.** The Parties agree to use their best efforts to prevent and resolve potential sources of conflict before they escalate into dispute, claims or legal actions.
8.2 Resolving Disputes Through Negotiation. The Parties agree to use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations by engaging in the following dispute escalation process should any such disputes arise:

1. **Level One:** The respective Project Managers of the Parties shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within ten (10) business days after the referral of that dispute to Level One, either party may refer the dispute to Level Two.

2. **Level Two:** An executive officer of CUSTOMER or designee and the Superintendent of Tacoma Power or his designee shall meet to discuss and attempt to resolve the dispute in a timely manner.

8.3 Failure to Resolve Dispute Through Best Efforts. Except as otherwise specified in this Agreement, in the event the dispute is not resolved at Level Two within ten (10) business days after referral of that dispute to Level Two, the dispute may be referred to mediation as mutually agreed to by the Parties, or the Parties may exercise whatever other rights they may have at law or in equity. At all times prior to resolution of the dispute, the Parties shall continue to perform their respective duties under this Agreement in the same manner and under the terms as existed prior to the dispute.

8.4 Venue. Venue for any alternative dispute proceedings and/or legal action shall be in Pierce County, Washington.

**ARTICLE 9 – MISCELLANEOUS PROVISIONS**

9.1 Termination. If this Agreement is terminated by CUSTOMER and/or if CUSTOMER defaults under this Agreement prior to completing all CUSTOMER Work, and said termination or default results in a state of reduced operation and reliability to City-owned utilities, then the City shall restore its utility infrastructures to a reliable and operable condition and CUSTOMER shall be responsible for and shall promptly pay Tacoma Power all costs associated with such restoration.

9.2 Agency or Employee Relationship. No joint venture or partnership is formed as a result of this Agreement. No employees, agents or subcontractors of one Party shall be deemed, or represent themselves to be, employees of any other Party. In performing work and services pursuant to this Agreement, CUSTOMER, its employees, consultants, agents, and representatives shall be acting as agents of CUSTOMER and shall not be deemed or construed to be employees or agents of the City in any manner whatsoever. CUSTOMER shall not hold itself out as, nor claim to be, an officer or employee of the City and will not make any claim, demand, or application to or for any right or privilege applicable to an officer or employee of the City. CUSTOMER shall be solely responsible for any claims for wages or compensation by the respective employees, contractors, sub-contractors, agents, and representatives of CUSTOMER and the CUSTOMER Contractor, and shall defend, indemnify and hold the City
harmless, from these claims. In performing work and services pursuant to this Agreement, the City, its, employees, consultants, agents, and representatives shall be acting as agents of the City and shall not be deemed or construed to be employees or agents of CUSTOMER in any manner whatsoever.

9.3 Entire Agreement. This Agreement and the Exhibits attached hereto constitute the entire agreement and understanding between CUSTOMER and the City relating to the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants or undertakings, oral or otherwise, except those expressly set forth or referenced herein.

9.4 Severability. In the event that any term, covenant, condition, or provision of this Agreement, or the application of the Agreement to any person or circumstance, is found to be invalid or unenforceable in any respect, the remainder of this Agreement, and the application of such term or provision to other persons or circumstances nevertheless shall be binding with the same effect as if the invalid or unenforceable provision were originally deleted. The Parties agree to bargain in good faith to reform this Agreement or replace any invalid or unenforceable provision with a valid and enforceable provision that comes as close as possible to the intention of the invalid or unenforceable provision.

9.5 Amendments. No waiver, modification, addition, or amendment to this Agreement shall be of any force or effect unless reduced to writing and signed by the authorized employees of each Party hereto.

9.6 Rights and Remedies. The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of or waiver regarding any duties, obligations, rights, and remedies otherwise available by law. No waiver by either Party hereto of any default shall affect or impair any right arising from any subsequent default. The failure of either Party hereto to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy provided for in this Agreement shall not impair any such right or remedy nor be construed as a waiver or relinquishment of such right.

9.7 Force Majeure. Neither Party hereto shall be liable to the other Party for any failure to perform an obligation set forth herein to the extent such failure is caused by war, act of terrorism or an act of nature, provided that such Party has made and is making all reasonable efforts to perform such obligation and minimize any and all resulting loss or damage. Tacoma Power has a responsibility to restore service after storms before returning to scheduled work. Storm related schedule delays shall not constitute liability.

9.8 Transfer/Assignment. Neither Party shall assign any interest, obligation, or benefit in this Agreement or transfer any interest in the same, whether by assignment or novation, without prior written consent by the other Party. This Agreement is binding
9.9 Benefits. This Agreement is intended for the sole benefit of the Parties to this Agreement. Nothing in this Agreement is intended to give any person or entity, other than the Parties hereto, any legal or equitable right, remedy, or claim under this Agreement.

9.10 Authorization to Execute Agreement. The undersigned, by their respective signatures below, represent and warrant that they are each duly authorized to execute this legally binding Agreement for and on behalf of the Party for whom they have signed. CUSTOMER, through its undersigned representative expressly acknowledges, and agrees that the formal approval of this Agreement by the City of Tacoma’s Public Utility Board is a required pre-condition to the effectiveness and enforceability of this Agreement. Tacoma Power shall have no legal or equitable liability hereunder and/or in connection with the CUSTOMER Project unless or until such approval is obtained. Upon such approval, this Utility Installation Agreement shall become effective as of the Effective Date first above written.
Sierra Pacific Industries

By __________________________
Printed Name: _________________
Title: _________________________

CITY OF TACOMA
DEPARTMENT OF PUBLIC UTILITIES

By __________________________
Jackie Flowers __________________
Director of Utilities

Approved:

By __________________________
Chris Robinson __________________
Power Superintendent

Approved:

Finance Director __________________
2/15/19

Approved as to Form:

Deputy City Attorney __________________
8/6/19

Sierra Pacific Industries Customer-Funded Utility Installation Agreement
(TPU Attorney: JS)
Exhibit A
CUSTOMER WORK
(Full Set of Hard Copy Documents for Exhibit A to be Attached to Execution Draft)

Construction Documents Attached:

1. Underground Drawing UP410
2. Conduit and Vault Table
3. Underground Specifications
# Customer Work

## Underground Specifications

### Conduit and Vault Table

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ITEM DESCRIPTION</th>
<th>ESTIMATED QTY</th>
<th>UNIT</th>
<th>ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TRENCH &amp; BACKFILL W/ SELECT BACKFILL</td>
<td>140</td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>FURNISH and INSTALL CONDUIT &amp; FITTINGS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2a</td>
<td>6 inch SCH 40 PVC, gray (Power)</td>
<td>560</td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>2aa</td>
<td>6 inch SCH 40 90° Bend 60” Radius</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>2ab</td>
<td>6 inch SCH 40 45° Bend 48” Radius</td>
<td>4</td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>2ac</td>
<td>6 inch Bell Ends</td>
<td>8</td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>2b</td>
<td>4 inch SCH 40 PVC, gray (Power)</td>
<td></td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>2c</td>
<td>2-1/2 inch SCH 40 PVC, gray (Power)</td>
<td></td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>2d</td>
<td>1-1/4 inch ABS (sump drain)</td>
<td></td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>2e</td>
<td>4 inch SCH 40 PVC, green (Click! Network)</td>
<td></td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>2f</td>
<td>2 inch SCH 40 PVC green (Click! Network)</td>
<td></td>
<td>Feet</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>FURNISH &amp; INSTALL TERMINAL POLE RISER ASSEMBLY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3a</td>
<td>6 inch SCH 80 PVC, gray (Power)</td>
<td>40</td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>3aa</td>
<td>6 inch SCH 80 90° Bend 48” Radius</td>
<td>4</td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>3b</td>
<td>4 inch SCH 80 PVC gray (Click! Network)</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>FURNISH AND INSTALL CONCRETE STRUCTURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a</td>
<td>444 Transformer Vault w/ Lid (use for all 1ph trans)</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>4b</td>
<td>554 Transformer Vault w/ Lid (use for all 3ph Trans)</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>4c</td>
<td>554 Junction Box w/ Lid</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>4d</td>
<td>684 Vault w/ Lid</td>
<td>1</td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>4e</td>
<td>810 Vault &amp; Lid w/ switchgear cutout and man access</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>CONCRETE STRUCTURE EXCAVATION &amp; BACKFILL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5b</td>
<td>444 Vault</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>5c</td>
<td>554 Vault</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>5d</td>
<td>684 Vault</td>
<td>1</td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>5e</td>
<td>810 Vault</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>FURNISH AND INSTALL PLASTIC STRUCTURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6a</td>
<td>SSB 22-5/8&quot; x 14-5/8&quot; x 17” deep</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>6b</td>
<td>L-SSB 33&quot; x 20&quot; x 17” deep</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>6c</td>
<td>L1220-12 (vault) 15” x 22.5”</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>6d</td>
<td>G2436-18 (vault) 27.25” x 38.75”</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
<tr>
<td>6e</td>
<td>SPH1432 (PED) 14.5” x 33&quot;</td>
<td></td>
<td>Each</td>
<td></td>
</tr>
</tbody>
</table>
Engineering Estimate

ELECTRICAL DIVISION SPECIFICATIONS

1. Description of Work

The work to be performed under these specifications and contract consists of the installation of the civil portion of a complete underground electrical system, which includes conduit, concrete vaults, and pole risers as put forth in the Utility Installation Agreement.

2. Location

The Tacoma Power portion of this project is located along 200th Street East between the 2600 Block East to the 3900 Block East in Spanaway, Pierce County, Washington.

3. Qualifications of Contractors

A qualified electrical contractor must be licensed in the State of Washington under Chapter 19.28, Revised Code of Washington (RCW). All work must be completed in accordance with the Tacoma Power Design, construction, and inspection standards.

4. Items to be furnished by the Contractor

The contractor shall furnish, provide and pay for all materials, including pre-cast concrete vaults, conduit, conduit fittings, and conduit spacers. The contractor will also provide all labor, tools, equipment, transportation, and other facilities necessary for the execution and completion of the work in accordance with these specifications and as shown on the contract drawings.

5. Material Details

A. All components shall be delivered to the job site undamaged. Any component which is cracked or otherwise damaged so that the water tightness of the structure is impaired shall be replaced at “no cost” to Tacoma Power.

B. All concrete structures shall be supplied per Tacoma Power Construction Standard A-UG-1150 by an approved vendor as listed in Construction Standard C-UG-2000.

C. All vault lids shall have the logo “TACOMA POWER” engraved on a plate permanently affixed or the logo cast into the concrete structure. The proposed logo is subject to approval by Tacoma Power as to legibility (now and after twenty years exposure) and visibility/placement (i.e., is easily notice by a layperson casually inspecting the structure). Lids, access components, risers, frames, covers, vault sump drainage pipe and all other appurtenances shall be considered part of the vault structure.
D. Covers installed on the cutout openings located within the transformer vaults lids, must be a minimum of ¾" plywood, and secured prior to installation of the transformers by Tacoma Power crews.

E. All SPH 1432 pedestals shall be dark green in color.

F. All conduits shall have spacers that provide a minimum 2" clearance between each conduit. The minimum radius of elbows used in all conduit installations shall be 24" FOR 2½" conduit, 36" for 4" conduit, and a 48" radius for 5" and 6" conduit as specified in Std Dwg. C-UG-1100.

G. PVC Conduit supplied shall conform to ANSI Std C80.1-83, ASTM Standards F512, UL 651 and NEMA TC-2 or latest revision.

H. All new pre-cast concrete structures shall be internally grounded per Tacoma Power Standard A-UG-1150.

6. **Construction Description - Vaults**

   The provisions of this section covers the installation of pre-cast concrete or plastic electrical. This work includes excavation of all materials of whatever nature, shoring as necessary, pumping and controlling groundwater and surface water run-off, and the placement and compaction of all necessary backfill to final ground elevation.

7. **Excavation & Disposal of Materials**

   Excavate, backfill, compact and restore landscape as needed for the trench line and electrical structure installation. Mechanical tamping may be required at some installations of pre-cast concrete electrical structures.

   Excess material obtained from structure and/or trench excavation shall be removed from the construction area and disposed of by the contractor.

8. **Installation Details**

   A. The contractor shall furnish and place all conduit, as shown on the plans, in accordance with Tacoma Power Construction Standard C-UG-1100.

   B. The contractor shall install all vaults as shown on the plans and detailed in Tacoma Power Construction Standards C-UG-1500, C-UG-1550, and C-UG-1700.

   C. The contractor shall construct pads for the pre-cast concrete structures at the locations indicated on the drawings. The pads shall be constructed of 5/8" minus crushed rock compacted to a depth of nine (9) inches on undisturbed soil, per C-UG-1500, C-UG-1550, and C-UG-1700. If the pad site has been over excavated, the excess depth shall be backfilled with compacted gravel.

   D. Care shall be taken to place backfill around and under the ribs of the structures. Large rocks or other obstructions in the bottom of the excavation, which may cause damage to the structures, shall be removed.
E. Dewatering of the excavation area shall be done by the Contractor as necessary to allow the structure to be placed on firm, unyielding material.

F. Core drilling and all other work necessary to install the vault drain pipes will be considered incidental to and included in the unit price for the conduit item used.

G. All vaults shall be placed so top of lid is 6" above final grade in landscaped area or flush mounted if in paved surface, surrounding finished grade shall have ground sloped away from the structure for drainage. Plastic Secondary Service Boxes (SSB's) shall be set so the top of the lid is 2" above finished grade in landscaped surface.

H. All electrical conduits and ells (except pole risers) shall be installed in accordance with the contract drawings to provide the minimum cover shown. All conduits entering a vault shall extend 4" into the vault and do so at 90 degrees to the face of the vault. All conduits shall have bell ends installed and be grouted.

I. The contractor shall extend and cap all conduits a minimum of 2 feet beyond the concrete sidewalk where shown on the plans.

J. All spacers/saddles shall be Carlon or an approved equal.

K. The larger diameter conduit will be installed at the bottom of the trench with smaller diameter conduits installed above, using s saddles or conduit spacers to separate and hold the conduit in place.

9. **Trench Excavation and/or Backfill**

A. It is the intent that the primary electrical conduit be placed in a common trench. The minimum trench width shall be 24 inches (as shown on the contract drawings), and not wider than practicable for installation of the cable and conduit. Trench depths shall be such as to provide the minimum cover from the top of the conduit to the final grade of 36".

B. The depth of the trench may vary due to other utility crossing (i.e. Storm, water sanitary sewer etc.). The contractor shall coordinate work with other utilities to avoid conflict and at no expense to Tacoma Power.

C. The bottom of all trenches shall be smooth, uniform, free of all loose rock, stone, other sharp objects, and foreign material. Hand fill where large rocks are encountered and as directed by the engineer.

D. Imported backfill material shall be required for the trench so as to protect the conduit system before and after the final grade fill has been installed. Backfill material shall be Flowable Thermal Backfill (FTB) from the bottom of trench to a minimum cover of 3 inches above the top of the uppermost conduit when 3 or more power conduits of 5" or greater are installed. The remainder of the backfill material and compaction requirements shall meet the requirements of Pierce County. Non-Traffic Mix FTB shall be formulated per Tacoma Power Standard C-UG-2050 and installed per Tacoma Power Construction Standard C-UG-1100.
10. **Power Pole Conduit Risers**

Customer is responsible to install the first 10' of riser on pole which includes Sch. 80 PVC gray in color and Sch. 80 Sweeps along with Standoff Brackets per Tacoma Power Standard C-UG-1200.

11. **Coordination with other Utility Companies**

Other Utility Companies may wish to occupy the trench in some areas. It shall be the contractor's responsibility to notify those companies sufficiently in advance of construction to allow them to schedule their installation activities to coincide with those of the contractor.

12. **Coordination with Tacoma Power**

It is shall be the contractor's responsibility to maintain communication with Tacoma's inspector to coordinate construction of the underground electrical system. The contractor will be required to schedule the work accordingly and shall keep Tacoma Power's engineer informed of such schedules.

13. **Specifications and Drawings**

The contractor shall keep on the work site a copy of the drawings and the specifications and shall at all times give the engineer access thereto.

14. **Typical Contract Drawings**

Prior to beginning work, Tacoma Power will prepare and issue to the Contractor sufficient full-size drawings for construction at no cost.

The following list of standard drawings is made a part of these specifications. Copies of the standard drawings and full-size contract drawings are available at the Transmission & Distribution Construction Engineering Office at the Public Utilities Building, 3628 South 35th Street, or by writing to Eric Dodgen, P. O. Box 11007, Tacoma, Washington 98411 Or online at [http://www.mypu.org/tacomapower/electrical-permitting/electrical-construction-standards.htm](http://www.mypu.org/tacomapower/electrical-permitting/electrical-construction-standards.htm)

<table>
<thead>
<tr>
<th>Drawing No.</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-UG-1150</td>
<td>Precast Concrete Vault Application &amp; Specification</td>
</tr>
<tr>
<td>C-SV-1200</td>
<td>Residential Underground Service Boxes</td>
</tr>
<tr>
<td>C-SV-3200</td>
<td>Customer Requirements – Commercial Underground Secondary Service; (reference for use of SSB only)</td>
</tr>
<tr>
<td>C-UG-1100</td>
<td>Conduit Installations</td>
</tr>
<tr>
<td>C-UG-1200</td>
<td>Pole Conduit Riser</td>
</tr>
<tr>
<td>C-UG-1400</td>
<td>Padmount Equipment Guard Posts Installation</td>
</tr>
<tr>
<td>C-UG-1500</td>
<td>Primary Distribution Junction Box</td>
</tr>
<tr>
<td>C-UG-1550</td>
<td>Splice Vault Installation</td>
</tr>
<tr>
<td>Document Code</td>
<td>Title</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>C-UG-1700</td>
<td>Padmounted Transformer &amp; Vault Installation</td>
</tr>
<tr>
<td>C-UG-2000</td>
<td>Precast Concrete Vault Approved Vendors</td>
</tr>
<tr>
<td>C-UG-2050</td>
<td>Thermal Backfill for UG Power Cable Installation</td>
</tr>
<tr>
<td>C-UG-8000</td>
<td>Vegetation Management for Underground Systems</td>
</tr>
</tbody>
</table>

15. **Persons to be contacted**

The following is a list of persons who may need to be contacted prior to or during progress of the work.

**Tacoma Power:**

- Kevin Kelley
  - T & D Construction Supervisor
  - 253-502-8801
- Steve Bain
  - Utility Inspector
  - 253-381-3023
- Eric Dodgen, P.E.
  - Project Manager / Engineer
  - 253-502-8582

16. **Inspection**

A. **CONSTRUCTION INSPECTION**

An Inspector assigned by Tacoma Power will perform construction inspection and conduit proofing for Tacoma Power. The Inspector will be responsible for insuring that the contractor is complying with the contract plans and specifications.

B. **CONSTRUCTION INSPECTION CHECKLIST**

The contractor shall be required to contact the City 24-hours in advance, weekends and holidays excluded, of all of the construction activities listed below, have the indicated activity inspected, and Tacoma Power’s Inspector sign that the work was performed in accordance with the appropriate Construction Standards.

The checklist shall be posted near the construction site and be available for review by Tacoma Power at all times. These inspections shall be in addition to any required inspections by state or local jurisdictions.

1. One-call contact
2. Layout of structures and conduit
3. Structure installation prior to backfill
   a. Safe and legal excavation
b. Escape ladder (if applicable)

c. Level floor

d. Correct grade and alignment

4. Conduit installation prior to backfill or encasement
   a. Correct number, size and spacing of conduit
   b. Perpendicular to structures at entry location

5. Conduit proofing
   a. Cleaned with rags
   b. Proper mandrel passes every duct
   c. Tru-tape installed

6. Riser and lid installation (if applicable)

7. Final

17. **Electrical Conduit and Duct Lines**

   All proofing shall be accomplished after final grade is established.

   The contractor will proof all conduits using a Tacoma Power approved mandrel, with an authorized Tacoma Power Inspector present. The conduits are to be swabbed and fished by the contractor upon completion of the installation. The contractor shall leave a 1/8-inch diameter polypropylene fish cord in each conduit.

18. **Work to be performed by Tacoma Power**

   A. All primary cable will be installed by Tacoma Power.
      All secondary cable between the transformer and the Secondary Service Box will be installed by Tacoma Power.

   B. Tacoma Power will furnish and install the switchgear, transformers, primary and secondary voltage cable, and the primary and secondary voltage electrical components.

   C. Tacoma Power will frame all terminal poles and complete the pole risers.

   D. Tacoma Power will make all terminations at the switchgears, transformers, junction boxes, and secondary service boxes.

   E. Tacoma Power will furnish and install all overhead facilities as indicated by Tacoma Power WorkSketch.
Executive Summary

Sierra Pacific Industries (SPI) requested Tacoma Power (TPWR) to conduct an interconnection study for connecting a 4.5 MW sawmill plant to TPWR’s electrical system in the Spanaway area. The proposed plant load consists of four 300 hp motors, a 250 hp motor, eight 200 hp motors, and small motor and lighting loads. The study concludes that modifications to TPWR distribution system will be needed to provide reliable electrical service to the SPI’s sawmill plant. These modifications include adding a new feeder at TPWR’s Frederickson substation, and adding about two miles of 12.5 kV distribution line. The estimated cost for these modifications is $1,371,000. The estimated time required to perform these modifications is 16 months. It is important to note that these modifications can only accommodate the initial 4.5 MW sawmill plant connection.

SPI also requested TPWR to assess the feasibility of connecting additional mill load and power generation in the future. The study concludes that modifications to TPWR transmission system will be required for connection of additional load and power generation. The proposed modifications include adding transmission lines, and a substation with provisions for a 4-breaker ring bus configuration. The estimated cost for the initial construction to connect the 4.5 MW sawmill plant is $5,500,000. The estimated time required to perform these modifications is 23 months.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Introduction</td>
<td>3</td>
</tr>
<tr>
<td>II. Proposed SPI Facility</td>
<td>3</td>
</tr>
<tr>
<td>III. Project Sponsor</td>
<td>3</td>
</tr>
<tr>
<td>IV. Host Utility</td>
<td>4</td>
</tr>
<tr>
<td>V. Connection Options</td>
<td>4</td>
</tr>
<tr>
<td>a. Distribution Connection</td>
<td>4</td>
</tr>
<tr>
<td>b. Transmission Connection</td>
<td>5</td>
</tr>
<tr>
<td>VI. Conclusion</td>
<td>7</td>
</tr>
</tbody>
</table>
I. Introduction
Sierra Pacific Industries (SPI) requested Tacoma Power (TPWR) to conduct an interconnection study for connecting a 4.5 MW sawmill plant to TPWR's electrical system in the Spanaway area. SPI also requested TPWR to assess the feasibility of connecting additional mill load and power generation in the future. The purpose of this study is to evaluate and identify the electrical impacts and necessary mitigation required for connecting the SPI facility to TPWR's electrical system.

II. Proposed SPI Facility
The proposed 4.5 MW sawmill plant is located in the Spanaway area. The plant load consists of four 300 hp motors, a 250 hp motor, eight 200 hp motors, and small motor and lighting loads. Figure 1 shows the proposed electrical one-line diagram for the new plant.

SPI also plans to expand the sawmill plant and add power generation at this site in the future. Due to the lack of technical details, this study only covers suitability of a substation site.

Figure 1: SPI's Proposed Electrical One-line Diagram

III. Project Sponsor
Sierra Pacific Industries is based in Anderson, California. The firm owns and manages nearly 1.9 million acres of timberland in California and Washington, and is the second largest lumber producer in the United States.
IV. Host Utility
TPWR was formed in 1893 and is the first publicly owned electric company in the State of Washington. TPWR is a municipal corporation. The Tacoma Public Utility Board has jurisdiction over operations of TPWR, Tacoma Water, and Tacoma Rail.

V. Connection Options

a. Distribution Connection
The 4.5 MW sawmill plant will be normally served from a new 12.5 kV feeder coming from TPWR’s Frederickson substation. The alternate feed for the plant will come from TPWR’s Crescent substation. Figure 2 shows the proposed modifications to TPWR’s distribution system in the area. The proposed modifications include both substation modifications and distribution line construction.

![Figure 2: Proposed Modifications for Distribution Connection](image)

The substation modifications include installing new feeder conduit and cable to the existing Frederickson feeder 4 conduit. The spare 15 kV breaker and existing Frederickson 4 relaying will be utilized.

The line portion of the work includes building a new overhead express feeder from the location of 42nd Ave. E. along the north side of 200th St. E. west to the customers property then continuing west though the private property out to 22nd Ave. E., re-conductor the existing overhead located on the east side of 22nd Ave. E. from 200th St. E. north to 192nd St. E. The route is approximately
9,400’ long and is estimated with 250’ span lengths for standard wood pole placements and an underground component at the BPA crossing.

The estimated cost for the distribution connection is $1,371,000, which is comprised of $231,000 of substation modifications and $1,140,000 of distribution line construction. The estimated time required to perform these modification is 16 months. The cost and time estimates are only for the work to be done by Tacoma Power crews or its contractors to build and install TPWR’s facilities. The estimates do not include permitting, property acquisition, easements, access, vegetation removal, access construction and any unforeseen conditions which may arise as the project progresses.

It is important to note that these modifications can only accommodate the current 4.5 MW sawmill plant connection. Additional modifications including transmission modifications may be required for additional load and generation connection in this area.

b. Transmission Connection
The proposed transmission connection includes construction of a 115 kV transmission line and a new substation. The initial 4.5 MW load will be served from a feeder of the new substation. Figure 3 shows a proposed routing for the transmission line and a proposed siting for the new substation.

The line portion of the work includes intercepting the LaGrande #2 line near the Fredrickson Substation located near 45th Ave. Ct. E. and building an overhead transmission line west along the north side of 200th St. E. to the property then extending the line to a location approximately 3,000’ onto private property at a proposed substation location. The plan includes self-supporting steel structures with concrete foundations at the LaGrande intercept and direct imbedded steel structures for the additional 5,500’ extension.

The substation portion of the work includes civil and electrical construction of a distribution substation which includes all structures, foundations and electrical equipment. The major electrical equipment include a 115 kV circuit breaker and switches, a 25 MVA transformer, and 15 kV switchgear. The substation will be built to accommodate a future 4 terminal ring bus configuration.

The estimated cost for the transmission connection is $5,500,000, which is comprised of $3,500,000 of substation construction and $2,000,000 of distribution line construction. The estimated time required to perform these modification is 23 months. The cost and time estimates are only for the work to be done by Tacoma Power crews or its contractors to build and install TPWR’s facilities. The estimates do not include permitting, property acquisition, easements, access, vegetation removal, access construction and any unforeseen conditions which may arise as the project progresses.
Figure 3: Proposed Line Routing and Substation Siting for Transmission Connection

Figure 4: Proposed One-line Diagram for Transmission Connection

Legend
- Existing
- New
- Provisional

To Canyon

SPI Load

Future Load

Future Generation

To LaGrande
VI. Conclusion
It is concluded that modifications to TPWR electrical system will be required to provide a reliable electrical service to the SPI's sawmill plant. The initial 4.5 MW sawmill plant can be connected with distribution connection option. The additional load and generation connection will require modifications to TPWR transmission system.
September 19, 2018

Sierra Pacific Industries
P.O. Box 496014
Redding, CA 96049

Subject: Engineering design deposit for the design of distribution backbone power located on or near properties owned by Sierra Pacific Industries (SPI) at 200th St. E. and 38th Ave. E. in Spanaway, WA.

Dear Mr. Emmerson:

This is in response to your request to provide a distribution backbone system to serve your properties at the above location. This Letter of Agreement provides the terms and conditions, in addition to Tacoma Power’s policies and applicable City Code, under which Tacoma Power will provide engineering support and other work in relation to the design phase of the distribution backbone system.

Tacoma Power will require an initial Engineering deposit of $30,000 to perform the following:

- Provide engineering support to SPI development team.
- Provide power designs and cost alternatives for the designs.
- Develop and establish a Construction Agreement.

The deposit is based upon an estimate of the time to complete the above work and does not include any costs that may be incurred by Tacoma Power due to unforeseen conditions, delays, or disruptions. You shall pay Tacoma Power for 100% of all costs of whatever nature, including loading, incurred by Tacoma Power, in connection with the work set forth herein. Further, the Parties agree that this estimate does not constitute a firm fixed price for the performance of the work. Tacoma Power will notify you if additional funds are necessary to continue the design efforts. Tacoma Power has the right to cease
work on this effort if the deposited funds are exhausted or if you fail to pay for any additional costs.

Upon completion of the design effort, a separate Construction Agreement will be required prior to commencing the construction effort. The design effort will be considered completed upon ratification and execution of the Construction Agreement. As the construction cost is estimated to exceed $200,000, the Tacoma Public Utility Board must approve the Construction Agreement. Any funds remaining from the $30,000 deposit, along with any subsequent deposits provided for this design effort, will be refunded to SPI within 60 days of execution of the Construction Agreement.

Your check in the amount of $30,000 made payable to the "Tacoma City Treasurer" should be returned with this signed Letter of Agreement.

This design effort and the follow on construction effort encompass extending electrical power capacity onto the overall property site of approximately 250 acres. SPI acknowledges that no provision is or shall be included in the design effort for delivering electrical service to each building, site, or service point. A separate contract will be required between SPI and Tacoma Power's New Service department to establish site service(s).

In order to perform the detailed design, you shall provide engineering information, including, but not limited to electronic (AutoCAD) drawings for your site design. Tacoma Power's design efforts are dependent upon you providing correct and adequate information.

Furthermore, Tacoma Power anticipates a collaborative effort during the design phase that will ultimately lead to an efficient and cost effective final product. A critical design element will be site access as well as grading impacts. Therefore, a key consideration is access for construction as well as long term access once the site is developed and/or operational.

The design effort will establish property rights and permitting requirements. Property rights will require establishing power lines alignment within your property that accommodates the road and access way alignments on the site. Typically it is necessary to require property rights from adjacent/nearby properties to accommodate changes to the power system such as this. The number and complexity of design of iterations may be impacted if property rights cannot be obtained. Tacoma Power shall define the needed property rights in the design documents. It shall be SPI's responsibility to obtain those rights.

Mr. Gary Blanc of SPI or his designee and Eric Dodgen of Tacoma Power or his/her designee shall be the points of contact for notices, collaborative discussion, and exchange of information between the Parties.
No waiver, modification, addition, or amendment to this Letter of Agreement shall be of any force or effect unless reduced to writing and signed by the authorized employees of each Party.

Tacoma Power shall not be liable pursuant to statute, contract, in tort (including negligence), strict liability, or otherwise to the other Party, its agents, representatives, its affiliated and associated companies, and/or its assigns, for any indirect, incidental or consequential loss or damage whatsoever, including, but not limited to; loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Parties facilities, or loss of use of revenues or loss of anticipated profits, resulting from either Parties performance or non-performance of an obligation imposed on it by this Agreement.

Tacoma Power is, and shall remain, an independent contractor under this Agreement, and that no relationship of agency, master-servant, or employer-employee shall be created or exist between the parties. This Letter of Agreement is not intended to and will not constitute, give rise to, or otherwise recognize a joint venture, partnership or formal business association or organization of any kind between the parties, and the rights and obligations of the parties shall be only those expressly set forth in this Letter of Agreement.

Any services or other items furnished by Tacoma Power under this Letter of Agreement are provided on an "as-is", "with all faults" basis. Tacoma Power makes no warranty or representation whatsoever regarding the accuracy, completeness, timeliness, or usefulness of the work provided herein and Tacoma Power expressly disclaims any and all warranties, whether expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose.

The validity, interpretation and performance of this Letter of Agreement and each of its provisions shall be governed by the applicable laws of the State of Washington. The venue to resolve any dispute arising under this Agreement shall be Pierce County Superior Court.
If you have any questions or concerns please contact Eric Dodgen at (253) 502-8582, 3628 S. 35th St., Tacoma, Washington, 98409.

Sincerely,

Thad A Glassy, P.E., Power Division Supervisor
P: (253) 502-8704 | F: (253) 396-3085

TACOMA POWER

SIERRA PACIFIC INDUSTRIES

MD Emmerson, Chairman/CFO

Approved:

Joseph A. Wilson
Transmission & Distribution Manager

Approved:

Finance Director

Approved as to Form:

Deputy City Attorney
**Exhibit C**  
**Project Cost Estimate**

**CUSTOMER** shall be solely responsible for funding and paying (including reimbursement to Tacoma Power if and as invoiced) all Direct Costs for the Tacoma Power Work, which includes all cost and expense of labor and services performed by Tacoma Power, together with all materials, equipment and other items it provides associated with the CUSTOMER Project pursuant to the Utility Installation Agreement to which this Exhibit C is attached.

**The Preliminary Cost Estimate for the Tacoma Power work is:**

<table>
<thead>
<tr>
<th>Feeder Tie Estimate:</th>
<th>Rate</th>
<th>Hours</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineer</td>
<td>$100.00</td>
<td>263</td>
<td>$26,300.00</td>
</tr>
<tr>
<td>A&amp;G rounded to the $100</td>
<td>14.20%</td>
<td></td>
<td>$3,700.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$30,000.00</td>
</tr>
<tr>
<td>Initial Deposit</td>
<td></td>
<td></td>
<td>($30,000.00)</td>
</tr>
</tbody>
</table>

| Labor                                    |        |       |            |
| Project Management                       | $110.00| 80    | $8,800.00  |
| Line Crew Standard                       | $410.00| 112   | $45,920.00 |
| Line Crew Overtime                       | $470.00| 56    | $26,320.00 |
| Inspection                               | $80.00 | 16    | $1,280.00  |

| Equipment                                |        |       |            |
| Line Equipment                           | $85.00 | 168   | $14,280.00 |
| Inspection Equipment                     | $15.00 | 16    | $240.00    |

| Material                                 |        |       |            |
| Line Material                            |        |       | $90,000.00 |
| Material Overhead                        |        |       | $20,700.00 |

| Misc.                                    |        |       |            |
| Permitting                               | $200.00|       | $200.00    |

| Subtotal                                 |        |       |            |
| A&G rounded to the $100                  |        |       | $207,700.00 |
| Contingency                              |        |       | $23,700.00  |
| Total                                    |        |       | $290,900.00 |

| Balance Due                              |        |       | $260,900.00 |

Sierra Pacific Industries Customer-Funded Utility Installation Agreement  
(TPU Attorney: JS)
Exhibit D
Schedule of Work

The schedule is to be determined and added when developed in coordination with the Project Team.
SECTION A-A
54435NH
684 MANHOLE
7'-10" x 9'-10" x 9'-10" DEEP WITH 2'-10" x 9'-10"
THICK COVER WITH 7'-10" x 3'-10"
ACCESS DOOR FOR POWER OR 220, A-UJL-1190

CONDUIT TABLE

<table>
<thead>
<tr>
<th>FROM TO</th>
<th>CONDUIT JUNCTION</th>
<th>CONDUIT SIZE</th>
<th>QTY</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXISTING CONDUIT STUB</td>
<td>54435NH</td>
<td>10</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>54435NH</td>
<td>POLE</td>
<td>100</td>
<td>4</td>
<td>100</td>
</tr>
</tbody>
</table>

LEGEND
NEW CONDUIT
EXISTING CONDUIT
EXISTING CONDUIT STUB
NEW DISTRIBUTION POLE
NEW PULL VALVE

FOR CONSTRUCTION