



RESOLUTION NO. U-11157

1 A RESOLUTION related to Tacoma Water; authorizing participation in City of
2 Tacoma, Department of Public Works contract for the Fawcett
3 Avenue/South 21st Street Project, for the replacement and installation of
4 water main.

5 WHEREAS the City of Tacoma, Department of Public Utilities, Water
6 Division (d.b.a. "Tacoma Water"), requests authorization to participate in the
7 City of Tacoma, Department of Public Works ("Public Works") contract for the
8 replacement and installation of water main during the Fawcett Avenue/21st
9 Street project ("Project"), and

10 WHEREAS Tacoma Water is partnering with Public Works to reconstruct
11 existing roadway and replace approximately 1,000 feet of existing water main,
12 constructed circa 1891, along Fawcett Avenue, between South 21st Street and
13 South 19th Street, and

14 WHEREAS approximately 800 feet of water main will be installed along
15 South 21st Street, between Jefferson and Tacoma Avenues, to improve water
16 distribution to areas already served and facilitate service to development within
17 the downtown corridor, and

18 WHEREAS the overall Project will minimize long-term road maintenance
19 by improving roadway surface with concrete panels and asphaltic sections, add
20 a new HAWK signal and medial refuge island to support bicycle and pedestrian
21 movement, upgrade underground utilities, install traffic calming measures, and
22 construct new illumination and sidewalks/ADA improvements, and

23 WHEREAS Tacoma Water believes it is in the best interests of the utility
24 to include the water main work in Public Work's Project contract because it will
25
26



1 improve project delivery, reduce project costs, mitigate future risks, and
2 minimize construction disturbance to adjacent businesses and the general
3 public, and

4 WHEREAS the estimated cost of the water main replacement work is
5 \$546,718, plus a partner contribution of \$199,652, plus a 15 percent
6 contingency, for a cumulative total of \$839,349; Now, Therefore,

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

8 Section 1. That Tacoma Water is authorized to participate in the Public
9 Works Fawcett Avenue/South 21st Street Project to replace and install water
10 main along Fawcett Avenue and South 21st Street for a total project cost of
11 \$546,718, plus a partner contribution of \$199,652, plus a 15 percent
12 contingency, for a cumulative total of \$839,349, including applicable taxes, and
13 the proper officers of the Department of Public Utilities and Tacoma Water are
14 authorized to execute the proposed Agreement substantially in the form as
15 approved by the City Attorney.
16

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18 Section 2. That the Board finds that this Resolution is necessary, routine,
19 and consistent with Governor Inslee's emergency proclamation issued March
20 24, 2020, suspending portions of the Open Public Meetings Act.

21 Approved as to form:

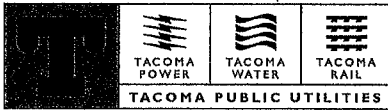
22
23 /s/
Chief Deputy City Attorney

24
25 Clerk

Chair

Secretary

Adopted



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Ali Poldo, Interim Assistant Division Manager, Tacoma Water
MEETING DATE: April 22nd, 2020
DATE: April 7th, 2020

SUMMARY:

Authorize Tacoma Water to participate in the City of Tacoma, Department of Public Works, Fawcett Avenue/South 21st Street Project. Tacoma Water proposes to install approximately 1,800 feet of 6-inch to 24-inch water main along Fawcett Avenue and South 21st Street. Total project cost is \$546,718.00, plus a partner contribution of \$199,652.00, plus a 15 percent contingency, for a cumulative total of \$839,349.00.

Tacoma Water believes it is in the best interest of the utility and its customers to include the water main work in the Public Works project. Project partnership will improve project delivery, reduce project costs, improve system availability, and consolidate construction disturbance to businesses.

Public Works deems this project essential under Governor's Proclamation 20-25.

BACKGROUND:

Tacoma Water is partnering with the Public Works Department to reconstruct the existing roadway and replace approximately 1,000 feet of existing water main, constructed circa 1891, along Fawcett Avenue, between South 21st Street and South 19th Street. Approximately 800 feet of water main is proposed for installation along South 21st Street, between Jefferson and Tacoma Avenues, which is an area that is already served, but the installation will facilitate service to development within the downtown corridor.

The overall project will minimize long-term road maintenance by improving roadway surface with concrete panels and asphaltic sections, add a new HAWK signal and median refuge island to support bicycle and pedestrian movement, upgrade underground utilities, install traffic calming measures, and construct new illumination and sidewalks/ADA improvements.

Project partner contributions are summarized in the Tacoma Water-Public Works Joint Agreement.

ISSUE: Existing water main is over 100 years old, with sections near the end of its operational life. There is no water main along South 21st Street, water service cannot be provided to prospective developers without significant costs.

ALTERNATIVES: Rehabilitating the existing water main is cost prohibitive. It is more cost effective to mitigate the risk of future water main breaks under a new roadway by



Board Action Memorandum

replacing the water main. Installing a new water main along South 21st Street provides water distribution to adjacent properties.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

ATTACHMENTS: Project Map
Contract and Award Letter
Agreement for Joint Project Tacoma Water – Public Works

CONTACT: Ali Poldo, Interim Assistant Division Manager, 253-502-8152
Shannon Wall, Division Manager, 253-502-8455



TO: Board of Contracts and Awards
FROM: Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer
Darius Thompson, Engineering Project Manager, Public Works Engineering
Michael P. Slevin III, P.E., Environmental Services Director
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
Doreen Klaaskate, Finance/Purchasing
SUBJECT: Fawcett Avenue/South 21st St. Project
Request for Bids Specification No. PW19-0162F
DATE: March 31, 2020

RECOMMENDATION SUMMARY:

The Public Works Department recommends a contract be awarded to R L Alia Company, Renton, WA, in the amount of \$4,046,531.10, plus a 15 percent contingency for a cumulative total of \$4,653,510.77, plus applicable taxes, budgeted from various departmental funds, for improvements to Fawcett Avenue and South 21st Street, including utility improvements and the installation of a new HAWK signal.

STRATEGIC POLICY PRIORITY:

- Strengthen and support a safe city with healthy residents.
- Ensure all Tacoma residents are valued and have access to resources to meet their needs.

The proposed project will provide pedestrian and bicycle safety improvements.

BACKGROUND:

The City's Transportation Master Plan (Transportation Element of the Comprehensive Plan) identifies Fawcett Avenue as a Bicycle Boulevard serving as a critical link in a 13-mile north-south bicycle corridor connecting the City to the downtown and important cross-connections. In 2017, the City was awarded a Pedestrian & Bicycle Safety grant to improve Fawcett Avenue between South 21st Street and South 19th Street. This project is adjacent to a 6.4 acre planned mixed-use development. This development will require offsite improvements to both Fawcett Avenue and South 21st Street. To achieve cost efficiencies, limit future rework, and minimize impacts to the traveling public the City worked in conjunction with the granting agency, the mixed-use Developer, the University of Washington Tacoma and downtown businesses to combine the grant-funded work on Fawcett Avenue with both the Developer's required offsite improvements and City desired roadway and utility improvements in South 21st Street into a single \$4.6 million project.

ISSUE: The project will provide a new concrete roadway along South 21st Street between Jefferson and Tacoma Avenues, repave Fawcett Avenue between South 21st Street and South 19th Street and the intersections on South 21st Street at both Jefferson and Tacoma Avenues. The project will also construct a new HAWK signal and median refuge island at the South 21st Street and Fawcett Avenue intersection to support bicycle and pedestrian movement along the City's Bicycle Boulevard, upgrade stormwater, wastewater, water and power utilities, install traffic calming measures along Fawcett Avenue, and construct new illumination and sidewalks/ADA improvements.



ALTERNATIVES: The alternative would be to continue temporary road repairs and return grant funds.

COMPETITIVE SOLICITATION:

Request for Bids Specification No. PW19-0162F was opened February 18, 2020, through the normal advertising of the project. Nine submittals were received.

R L Alia Company submitted a bid that resulted in the lowest evaluated submittal after consideration of SBE participation goals. The table below reflects the amount of the base award.

<u>Respondent (RFB)</u>	<u>Location</u> <i>(city and state)</i>	<u>Submittal</u> <u>Amount</u>	<u>Evaluated</u> <u>Submittal</u>
R L Alia Company	Renton, WA	\$4,046,531.10	\$4,046,531.10
James W Fowler Company	Dallas, OR	\$4,052,424.35	\$4,052,424.35
Sound Pacific Construction LLC	Gig Harbor, WA	\$4,272,526.00	\$4,272,526.00
Northwest Cascade Inc	Puyallup, WA	\$4,367,778.00	\$4,367,778.00
Tucci & Sons Inc	Tacoma, WA	\$4,565,688.75	\$4,565,688.75
Active Construction Inc	Puyallup, WA	\$4,677,927.33	\$4,677,927.33
Miles Resources LLC	Puyallup, WA	\$4,736,023.65	\$4,736,023.65
Johansen ExcavatingInc	Buckley, WA	\$5,065,616.79	\$5,065,616.79
Ceccanti Inc	Tacoma, WA	\$5,600,504.00	\$5,600,504.00

Pre-bid Estimate: \$3,922,911.50

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

CONTRACT HISTORY: New contract.

SUSTAINABILITY: The project will incorporate recycled components in the construction of the roadway; install low energy and low life cycle cost lighting; promote active transportation options; and employ a local, underutilized small business for a portion of the construction.

SBE/LEAP COMPLIANCE: The recommended contractor is in compliance with the Small Business Enterprise (SBE) Regulation requirements per memorandum dated March 5, 2020. The SBE goal for this project is 9 percent. The SBE participation level of the recommended contractor is 9 percent. R L Alia Company submitted the lowest evaluated bid per the SBE Regulation requirements. The Local Employment and Apprenticeship Training Program (LEAP) goal is 15 percent.



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1060-CAPTL (PW Street Capital Projects)	PWK-G0026-05-01	5330100	\$1,826,756.31
Tacoma Power CBD A&R Fund 4700	PWR-01013-03-04	5330100	\$399,963.00
4600 13-WC 2013 Bond Fund	WTR-00604-01-02-03	5330100	\$806,633.50
ES Surface Water Utility Fund 4301	ENV-03031-09	5330100	\$829,783.08
ES Wastewater Utility Fund 4300	ENV-04023-08	5330100	\$790,374.88
TOTAL			Up to \$4,653,510.77

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
WSDOT - State Grant	PWK-G0026-FS-04	4332270	\$931,718.74
Streets Initiative Revenues	PWK-G0026-FS-02	6311108	\$145,037.57
Private Developer	PWK-G0026-FS-06	4345811	\$750,000.00
Tacoma Power CBD A&R Fund 4700	PWR-01013-FS-LT	6311200	\$399,963.00
4600 13-WC 2013 Bond Fund	586313	6311163	\$806,633.50
ES Surface Water Utility Fund 4301	521900	Rate Revenues	\$829,783.08
ES Wastewater Utility Fund 4300	523900	Rate Revenues	\$790,374.88
TOTAL			\$4,653,510.77

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$4,653,510.77

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

Enter N/A if the purchase is budgeted.



City of Tacoma

Memorandum

TO: Chris Larson, P.E., Division Manager, Public Works Engineering Division
Shannon Wall, P.E., Division Manager, Planning & Engineering, Tacoma Water

FROM: Darius Thompson, Project Manager, Public Works Engineering Division
Ali Polda, P.E., Principal Engineer, Planning & Engineering, Tacoma Water

SUBJECT: Agreement for Fawcett Avenue South 21st Street PWK-G0026/MRP 2019-12

DATE: March 27, 2020

Tacoma Public Works, Engineering Division and Tacoma Water, Planning & Engineering is collaborating to add water related infrastructure to the Fawcett Avenue and South 21st Street Project.

The following summarizes the construction cost allocations for the project and other commitments.

1. The project is located in the Downtown Tacoma, along Fawcett Avenue, from S 19th to S 21st Streets and from S 21st Street, from Tacoma Avenue to Jefferson Avenue. Water infrastructure improvements include installing new 6-inch to 24-inch water main and associated appurtenances along the entire project extents. Project design began in March 2019, the project advertised for construction in December 2019, and bids opened February 18, 2020.
2. Tacoma Water agrees to pay the cost of the installation of the new water main further outlined in Appendix A. Shared costs (e.g., mobilization, traffic control, etc.) are agreed to be paid based on Public Works and Tacoma Water proportionate share of the total construction cost. The estimated construction costs is \$808,646.00, including a 15% contingency.
3. Public Works will administer the construction contract and provide construction management (Contract Administration, Construction Inspection Assistance, and Construction Survey). Tacoma Water agrees to pay for the incremental cost of the construction management associated with the installation of their infrastructures as outlined in Item #1 above at a value not to exceed 6% of the estimated Tacoma Water - related construction costs. If at any time the post-award labor costs are anticipated to exceed 6%, Public Works shall initiate a conversation with Tacoma Water so both departments have an opportunity to evaluate the costs and agree on a cost distribution prior to project cost reconciliation. Estimated water related construction management costs for budgeting purposes are \$30,703.



City of Tacoma

Memorandum

4. The cumulative total for all water-related project costs is estimated to be \$839,349.00. Tacoma Water has provided the following WBSE for charging these construction costs:

- WTR-00604-01-02-03 Construction Payments

5. Project participation is subject to Public Utility Board Approval.

We look forward to continuing our spirit of coordination and cooperation to accomplish this and future projects of mutual benefit to the citizens of Tacoma, Tacoma Water, and Public Works. By signature, please indicate your approval to proceed with this joint project.

DocuSigned by:



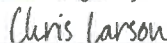
Shannon Wall, P.E.

Planning & Engineering Division Manager
Tacoma Water

3/27/2020

Date

DocuSigned by:



Chris Larson, P.E.

Engineering Division Manager
Public Works

3/27/2020

Date

Cc: Sue O'Neill, Public Works, Engineering Division
Ryan Flynn, Planning & Engineering, Tacoma Water
Tina Dunn, Public Works, Engineering Division

			QUANTITIES - Fawcett, 21st, Jefferson	TOTAL ROAD, SIGNALS, STLT, SEWER			\$4,048,281						
Item		Spec	Description	Unit	Total Quantity	Unit Cost	Total Cost	Street #1 Fawcett 21st to 19th	Street #2 21st			PW	ES
R- 1	1	1-10	Uniformed City of Tacoma Police Officer for Traffic Signal Override	Hour	90	\$150.00	\$ 13,500					23	23
R- 2	2	2-02	Remove Abandoned Trolley Track	Lin. Ft.	100	\$50.00	\$ 5,000	0	100			50	50
R- 3	3	2-02	Test Hole	Lin. Ft.	50	\$100.00	\$ 5,000					17	17
R- 4	4	2-03	Roadway Excavation, Incl. Haul	Cu. Yd.	1,540	\$36.00	\$ 55,440	930	609			385	38
R- 5	5	2-03	Roadway Excavation of Contaminated Material, Incl. Haul	Cu. Yd.	90	\$150.00	\$ 13,500	40	50			23	23
R- 6	6	2-03	Unsuitable Foundation Excavation of Contaminated Material, Incl. Haul	Cu. Yd.	90	\$150.00	\$ 13,500	40	50			23	23
R- 7	7	2-03	Unsuitable Foundation Excavation, Incl. Haul	Cu. Yd.	90	\$75.00	\$ 6,750	40	50				
R- 8	8	2-03	Gravel Borrow Incl. Haul	Ton	1,000	\$30.00	\$ 30,000	310	664				
R- 9	9	2-03	Embankment Compaction	Cu. Yd.	310	\$5.00	\$ 1,550	74	235				
R- 10	10	2-14	Pavement Removal	Sq. Yd.	9,980	\$10.00	\$ 99,800	4392	5590			6118	214
R- 11	11	2-15	Remove Curb	Lin. Ft.	2,000	\$5.00	\$ 10,000	1400	600				
R- 12	12	4-04	Crushed Surfacing Top Course	Ton	1,300	\$40.00	\$ 52,000	580	673			799	25
R- 13	13	4-04	Crushed Surfacing Base Course	Ton	1,500	\$40.00	\$ 60,000	760	731			453	60
R- 14	14	5-04	Planing Bituminous Pavement	Sq. Yd.	220	\$30.00	\$ 6,600	96	124				
R- 15	15	5-04	Fiber Reinforced HMA CL 1/2" PG 58H-22, per ton	Ton	1,400	\$120.00	\$ 168,000	516	825			341	59
R- 16	16	5-04	Temporary Pavement Patch	Ton	40	\$200.00	\$ 8,000	40	0				
R- 17	17	5-04	HMA for Approach CL 1/2" PG 58H-22	Sq. Yd.	110	\$50.00	\$ 5,500	0	110				
R- 18	18	5-05	Cement Conc. Pavement, 10-Inch Section	Sq. Yd.	3,800	\$100.00	\$ 380,000	470	3160	3630			
R- 19	19	7-05	Adjust Existing Valve Chamber to Grade	Each	11	\$400.00	\$ 4,400	3	8				
R- 20	20	8-02	Bark or Woodchip Mulch	CY	24	\$70.00	\$ 1,680	20	4				
R- 21	21	8-02	Plant Selection Tulip Poplar (Liriodendron Tulipifera)	Each	12	\$500.00	\$ 6,000	12	0				
R- 22	22	8-02	Plant Selection Deodar Cedar (Cedrus Deodara)	Each	12	\$400.00	\$ 4,800	12	0				
R- 23	23	8-02	Plant Selection Italian Oak (Quercus Frainetto)	Each	8	\$500.00	\$ 4,000	8	0				
R- 24	24	8-02	Plant Selection Sourwood (Oxydendrum Arboreum)	Each	4	\$550.00	\$ 2,200	4	0				
R- 25	25	8-02	Plant Selection Pyramid Pine (Pinus Flexilis)	Each	4	\$500.00	\$ 2,000	0	4				
R- 26	26	8-02	Plant Selection Katsura Tree (Cercidiphyllum Jamponicum)	Each	4	\$500.00	\$ 2,000	0	4				
R- 27	27	8-04	Cement Conc. Traffic Curb and Gutter	Lin. Ft.	2,759	\$24.00	\$ 66,216	1554	1205				
R- 28	28	8-06	Cement Conc. Driveway Entrance	Sq. Yd.	103	\$48.00	\$ 4,944	25	78				
R- 29	29	8-09	Raised Pavement Marker Type 2	Hund.	3	\$500.00	\$ 1,500	1	2				
R- 30	30	8-09	Low-Profile Plastic Curbing with Delineators	Lin. Ft.	130	\$65.00	\$ 8,450	80	65				
R- 31	31	8-13	Monument in Case	Each	3	\$1,000.00	\$ 3,000	1	2				
R- 32	32	8-14	Cement Conc. Sidewalk	Sq. Yd.	1,010	\$50.00	\$ 50,500	530	477			720	0
R- 33	33	8-14	Cement Conc. Curb Ramp	Each	12	\$2,200.00	\$ 26,400	6	6			10	2
R- 34	34	8-14	Historical Stamp and Impression	Each	1	\$1,500.00	\$ 1,500	1	0				
R- 35	35	8-15	Quarry Spalls	Ton	40.0	\$75.00	\$ 3,000	20	20				
R- 36	36	8-22	Plastic Crosshatch Marking	Lin. Ft.	90	\$10.00	\$ 900	10	80				
R- 37	37	8-22	Plastic Traffic Arrow	Each	13	\$130.00	\$ 1,690	3	10				
R- 38	38	8-22	Plastic Crosswalk Line	Lin.Ft.	1,550	\$5.00	\$ 7,750	450	1100				
R- 39	39	8-22	Plastic Wide Lane Line	Lin.Ft.	855	\$5.00	\$ 4,275	330	525				
R- 40	40	8-22	Plastic Stop Line	Lin.Ft.	230	\$6.00	\$ 1,380	50	180				
R- 41	41	8-22	Plastic Line	Lin.Ft.	3,040	\$1.50	\$ 4,560	540	2500				
R- 42	42	8-22	Painted Curb	Lin.Ft.	500	\$1.50	\$ 750	500	0				
R- 43	43	8-22	Plastic Traffic Letter	Each	24	\$100.00	\$ 2,400	8	16				
R- 44	44	8-22	Plastic Sharrow Symbol	Each	12	\$300.00	\$ 3,600	12	0				
R- 45	45	8-22	Plastic Bicycle Lane Symbol	Each	7	\$200.00	\$ 1,400	7	0				
R- 46	46	8-22	Green Durable Product	Sq. Ft.	1,190	\$7.00	\$ 8,330	1190	0				
R- 47	47	8-30	Hand Rail	Lin.Ft.	100	\$70.00	\$ 7,000	0	100				
							Sub Total	\$ 1,170,765					
Force Account Items													
R- 48	48	2-01	Certified Arborist Assessment Report Compliance	Force Account	1	\$ 10,000	\$ 10,000						
R- 49	49	2-02	Existing Irrigation Systems	Account	1	\$ 1,000	\$ 1,000						
R- 50	50	2-03	Field Adjustment	Account	1	\$ 10,000	\$ 10,000						
R- 51	51	1-04.4	Minor Change	Account	1	\$ 25,000	\$ 25,000						
							Sub Total	\$46,000					
Power													
P- 1	1	8-40	Power Utility Vault	Each	3	\$65,000.00	\$195,000	3	0				
P- 2	2	8-40	Conduit Bank, Section A	Lin. Ft.	276	\$114.00	\$31,464	276	0				
P- 3	3	8-40	Conduit Bank, Section B	Lin. Ft.	70	\$67.00	\$4,690	70	0				
P- 4	4	8-40	Conduit Bank, Section C	Lin. Ft.	358	\$84.00	\$30,072	358	0				
P- 5	5	8-40	Conduit Bank, Section D	Lin. Ft.	18	\$91.00	\$1,638	18	0				
P- 6	6	8-40	Conduit Bank, Section E	Lin. Ft.	358	\$15.00	\$5,370	0	358				
P- 7	7	8-40	Electronic Tracer Ball	Each	4	\$100.00	\$400	1	3				
							Sub Total	\$268,634					38%
							Sales Tax on Power (10.2%)					PW	ES
							Total	\$ 268,634					
Lump Sum Items													
L- 1	1	1-05	Roadway Surveying	Lump Sum	1	\$40,000.00	\$ 40,000	%				\$15,200	\$15,200
L- 2	2	1-05	Record Drawings (Minimum Bid \$5,000)	Lump Sum	1	\$5,000.00	\$ 5,000	PW and ES				\$2,500	\$2,500
L- 3	3	1-07	SPCC Plan	Lump Sum	1	\$500.00	\$ 500	%				\$190	\$190
L- 4	4	1-09	Mobilization	Lump Sum	1	\$200,000.00	\$ 200,000	%				\$75,910	\$75,910
L- 5	5	1-10	Pedestrian Traffic Control	Lump Sum	1	\$10,000.00	\$ 10,000	%				\$3,800	\$3,800
L- 6	6	1-10	Project Temporary Traffic Control	Lump Sum	1	\$50,000.00	\$ 50,000	%				\$19,000	\$19,000
L- 7	7	2-01	Clearing and Grubbing	Lump Sum	1	\$5,000.00	\$ 5,000	%				\$1,900	\$1,900
L- 8	8	2-01	Certified Arborist	Lump Sum	1	\$2,000.00	\$ 2,000	Total / 3				\$667	\$667
L- 9	9	2-02	Removal of Structure and Obstruction	Lump Sum	1	\$10,000.00	\$ 10,000	%				\$3,800	\$3,800
L- 10	10	2-06	Subgrade Maintenance and protection	Lump Sum	1	\$5,000.00	\$ 5,000	%				\$1,900	\$1,900
L- 11	11	2-17	Site Health and Safety Plan	Lump Sum	1	\$1,000.00	\$ 1,000	%				\$380	\$380
L- 12	12	2-17	Site Health and Safety Officer	Lump Sum	1	\$1,000.00	\$ 1,000	%				\$380	\$380
L- 13	13	2-17	Soil Management Plan	Lump Sum	1	\$500.00	\$ 500	%				\$190	\$190
L- 14	14	8-01	Erosion/Water Pollution Control	Lump Sum	1	\$15,000.00	\$ 15,000	%				\$5,700	\$5,700
L- 15	15	8-01	Stormwater Pollution Prevention Plan (SWPPP)	Lump Sum	1	\$500.00	\$ 500	Total / 3				\$167	\$167
L- 16	16	8-01	NPDES Construction Stormwater General Permit	Lump Sum	1	\$1,500.00	\$ 1,500	%				\$570	\$570
L- 17	17	8-01	Dewatering Plan	Lump Sum	1	\$500.00	\$ 500	10% PW & PWR, 50%ES, 40%WA				\$25	\$25
L- 18	18	8-01	Dewatering	Lump Sum	1	\$500.00	\$ 500	10% PW & PWR, 50%ES, 40%WA				\$25	\$25
L- 19	19	8-02	Site Restoration	Lump Sum	1	\$60,000.00	\$ 60,000	%				\$22,800	\$22,800
L- 20	20	8-14	Concrete Traffic Islands	Lump Sum	1	\$70,000.00	\$ 70,000	All PW				\$70,000	
L- 21	21	8-20	Illumination System, S 21st Street Complete	Lump Sum	1	\$56,000.00	\$ 56,000	All PW				\$56,000	
L- 22	22	8-20	Illumination System, Fawcett Ave Complete	Lump Sum	1	\$160,000.00	\$ 160,000	All PW				\$160,000	
L- 23	23	8-20	Interconnect System, Complete	Lump Sum	1	\$10,000.00	\$ 10,000	All PW				\$10,000	
L- 24	24	8-20	HAWK Beacon System, Complete	Lump Sum	1	\$205,000.00	\$ 205,000	All PW				\$205,000	



Project Extents – Fawcett Ave/S 21st St Project



RESOLUTION NO. U-11158

1 A RESOLUTION related to Tacoma Water; authorizing participation in City of
2 Tacoma, Department of Public Works contract for the Taylor Way
3 Rehabilitation Project, to replace water main along Taylor Way and
4 install a new intertie to the City of Fife.

5 WHEREAS the City of Tacoma, Department of Public Utilities, Water
6 Division (d.b.a. "Tacoma Water"), requests authorization to participate in the
7 City of Tacoma, Department of Public Works ("Public Works") contract for the
8 Taylor Way Rehabilitation Project ("Project") to replace water main along Taylor
9 Way and to install a new intertie to the City of Fife ("Fife"), and

10 WHEREAS Taylor Way is a major arterial within the City of Tacoma, the
11 main corridor on the Blair-Hylebos Peninsula carrying 4-10 million tons of freight
12 annually, and an essential emergency access route, and

13 WHEREAS Tacoma Water is partnering with Public Works to reconstruct
14 the existing roadway and to replace 6,600 feet of existing water main and
15 appurtenances along Taylor Way, from 1,400 feet west of State Route (SR) 509
16 to Lincoln Avenue constructed circa 1929 and 1957, and

18 WHEREAS Tacoma Water is partnering with Public Works to install a
19 new 16-inch intertie to the City of Fife, located at the intersection of SR 509 and
20 Taylor Way, as the existing 8-inch intertie is hydraulically restrictive for the
21 future water demands of Fife, and

23 WHEREAS the costs of the intertie to Fife will be reimbursed by Fife and
24 a new Wholesale Agreement will be negotiated allowing Fife to purchase
25 additional water supply, and
26



WHEREAS the overall Project will minimize long-term road maintenance by improving roadway surface with concrete panels, add sidewalk and replace curb ramps/crossings to meet ADA standards, replace underground utilities, reduce congestion along SR 509, improve travel to Northeast Tacoma, and improve emergency access to the Blair-Hylebos Peninsula by adding traffic cameras and blank-out signs along the corridor, and

WHEREAS Tacoma Water believes it is in the best interests of the utility to include the water main work in Public Work's Project contract because it will improve project delivery, reduce project costs, mitigate future risks, consolidate construction disturbance to adjacent businesses and the general public, and provide additional water supply to Fife, and

WHEREAS the estimated total cost is \$2,712,787, plus a partner contribution of \$891,236, plus a 10 percent contingency, for a cumulative total of \$3,964,425.30; and

WHEREAS Public Works deems this project essential; and

WHEREAS pursuant to Section 4.11 of the City Charter all matters relating to system expansion shall be initiated by the Board and are subject to approval by the City Council, Now, Therefore,

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

Section 1. That, subject to approval by the City Council, Tacoma Water is authorized to participate in the Public Works Taylor Way Rehabilitation Project to to replace 6,600 feet of water main along Taylor Way and to install a new 16-inch intertie to the City of Fife for a total project cost of \$2,712,787, plus



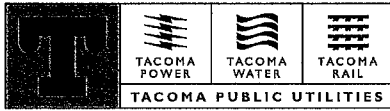
1 a partner contribution of \$891,236, plus a 10 percent contingency, for a
2 cumulative total of \$3,964,425.30, including applicable taxes, and the proper
3 officers of the Tacoma Water are authorized to execute the necessary
4 agreements substantially in the form as approved by the City Attorney.

5 Section 2. That the Board requests that the City Council concur in the
6 Board's decision and authorize Tacoma Water to participate in the Public Works
7 Taylor Way Rehabilitation Project to replace 6,600 feet of water main along
8 Taylor Way and to install a new 16-inch intertie to the City of Fife for a total
9 project cost of \$2,712,787, plus a partner contribution of \$891,236, plus a 10
10 percent contingency, for a cumulative total of \$3,964,425.30 including
11 applicable taxes, and authorize the proper officers of the Department of Public
12 Utilities to execute the necessary agreements substantially in the form as
13 approved by the City Attorney.
14

15 Section 3. That the Board finds that this Resolution is necessary, routine,
16 and consistent with Governor Inslee's emergency proclamation issued March
17 24, 2020, suspending portions of the Open Public Meetings Act.
18

19 Approved as to form:

20 _____	Chair
21 /s/ _____	Secretary
22 Chief Deputy City Attorney	Adopted _____
23 _____	Clerk



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Ali Polda, Interim Assistant Division Manager, Tacoma Water
MEETING DATE: April 22nd, 2020
DATE: April 7th, 2020

SUMMARY:

Authorize Tacoma Water to participate in the City of Tacoma, Department of Public Works Taylor Way Rehabilitation Project. Tacoma Water proposes to install a new intertie with the City of Fife (Fife) and replace approximately 6,600 feet of water main along Taylor Way, from 1,400 feet west of State Route (SR) 509 to Lincoln Avenue. Total project cost including the Fife scope of work is \$2,712,787.00, plus a partner contribution of \$891,236.00, plus a 10 percent contingency, for a cumulative total of \$3,964,425.30.

Tacoma Water believes it is in the best interest of the utility and its customers to include the water main work and Fife Intertie in the Public Works project. Project partnership will improve project delivery, reduce project costs, mitigate future risks, consolidate construction disturbance to businesses, and provide additional water supply to Fife.

Public Works deems this project essential under Governor's Proclamation 20-25.

BACKGROUND:

Taylor Way is a major arterial within the Port of Tacoma, the main corridor on the Blair-Hylebos Peninsula carrying 4-10 million tons of freight annually, and an essential emergency access route. Tacoma Water is partnering with the Public Works Department to reconstruct the existing roadway and replace approximately 6,600 feet of the existing water main and appurtenances constructed circa 1929 and 1957.

In addition, a new 16-inch intertie to Fife, located at the intersection of SR 509 and Taylor Way, will be constructed. The existing 8-inch intertie is hydraulically restrictive for the future water demands of Fife. Costs for the intertie are being reimbursed by Fife and a new Wholesale Agreement to purchase additional water supply is in negotiation.

The overall project will minimize long-term road maintenance by improving the roadway surface with concrete panels, add sidewalk and replace curb ramps/crossings to meet ADA standards, replace underground utilities, reduce congestion along SR 509, improve travel to Northeast Tacoma, and improve emergency access to the Blair-Hylebos Peninsula by adding traffic cameras and blank-out signs along the corridor.

Project partner contributions are summarized in the Tacoma Water-Public Works Joint Agreement.



Board Action Memorandum

ISSUE: Existing water main is upwards of 90 years old with a history of costly breaks. Sections of the water main are near the end of its operational life. The existing Fife intertie is hydraulically restrictive.

ALTERNATIVES: Rehabilitating the existing water main is cost prohibitive. It is more cost effective to mitigate the risk of future water main breaks under a new concrete roadway by replacing the water main. Increasing the size of the Fife intertie will increase the water flowrates. These improvements would be difficult to construct if not included in this project.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

ATTACHMENTS: Project Map
Contract and Award Letter
Agreement for Joint Project Tacoma Water – Public Works

CONTACT: Ali Poldo, Interim Assistant Division Manager, 253-502-8152
Shannon Wall, Division Manager, 253-502-8455



TO: Elizabeth Pauli, City Manager
FROM: Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer
Michael P. Slevin III, P.E., Environmental Services Director
Mark D'Andrea, P.E., Project Manager, Public Works Engineering
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
Doreen Klaaskate, Finance/Purchasing
SUBJECT: Taylor Way Rehabilitation
Request for Bids Specification No. PW19-0262F
DATE: April 2, 2020

Pursuant to the City of Tacoma March 12, 2020, state of emergency proclamation in response to COVID-19, made in accordance with Tacoma Municipal Code Chapter 1.10., contract awards for purchases must be approved by the City Manager or designee.

RECOMMENDATION SUMMARY:

The Public Works Department recommends a contract be awarded to Tapani Inc, Battle Ground, WA, in the amount of \$21,495,426.30, plus a 10 percent contingency, for a cumulative total of \$23,644,968.93, plus applicable taxes, budgeted from the 1060 Transportation Capital Fund, the 4600 Water Bond Fund and the 4300 Wastewater Utility Fund for roadway and other infrastructure improvements along Taylor Way from approximately 300' east of State Route (SR) 509 to the intersection of E. 11th Street & Alexander Avenue.

STRATEGIC POLICY PRIORITY:

- Strengthen and support a safe city with healthy residents.
- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

The proposed project will minimize long-term road maintenance by improving the driving surface and replacing up to nine Tacoma Rail railroad crossings. The project will also add missing sidewalk and replace curb ramps/crossings to meet ADA standards, reduce congestion along SR 509 thereby improving freight movement and travel to NE Tacoma, and improve emergency access to the Blair-Hylebos Peninsula by adding traffic cameras and blank-out signs along the corridor.

BACKGROUND:

Taylor Way is a major arterial within the Port of Tacoma Manufacturing Industrial Center, the main corridor on the Blair-Hylebos Peninsula, an essential emergency access route, and part of Washington State's Truck Freight Economic Corridor System carrying 4-10 million tons of freight annually. Taylor Way is served by the SR 509 intersection currently operating over capacity and effectively metering traffic on the corridor. The Taylor Way/SR 509 intersection is the second-ranked bottleneck to freight movement in the Olympic region, a seven county area in western



Washington. The project was selected to receive approximately \$18.3 million in state and federal grants.

ISSUE: Taylor Way's pavement is failing under heavy freight movement requiring ongoing maintenance. Curb ramps do not meet ADA standards and there are missing sidewalks. Utilities in the roadway serving Port customers are close to 100 years old and require replacement. There are limited means to notify drivers or emergency response vehicles if Taylor Way is blocked. The intersection of SR 509/Taylor Way is congested due to truck queuing associated with limited left turn movements from SR 509.

In coordination with local businesses, Tacoma Fire/Police/Water/Power/Environmental Services, the City of Fife, WSDOT, the Port of Tacoma, the Puyallup Tribe of Indians, the Washington State Department of Ecology and the public, the project will:

- Reconstruct Taylor Way with concrete pavement from east of SR 509 to E. 11th Street.
- Upgrade water, storm, and wastewater utilities.
- Improve illumination, replace four traffic signals and add video detection, countdown pedestrian signals, accessible push buttons, intersection blank-out signs and emergency vehicle preemption, all of which will be interconnected with a new below grade fiber optic system.
- Add 1.5 miles of missing sidewalk, upgrade all curb ramps and add intersection crosswalk striping.
- Replace up to nine Tacoma Rail railroad crossings.
- Reconstruct and widen the SR 509/Taylor Way intersection adding a second left turn lane and lengthen the turn pockets for both NB and SB SR 509. Widen the Taylor Way (west leg) of the intersection.

ALTERNATIVES: The alternative is to continue to repair and maintain Taylor Way's failing asphalt, limiting pedestrian, vehicle, and freight movement along the corridor. This would not support the City's strategic policy goals of supporting the economy, its residents and operating in an efficient and effective manner.



COMPETITIVE SOLICITATION:

Request for Bids Specification No. PW19-0262F was opened February 25, 2020. Four contractors were invited to bid in addition to normal advertising of the project. Six submittals were received. Tapani Inc submitted a bid that resulted in the lowest evaluated submittal after consideration of Underutilized Disadvantaged Business Enterprise (UDBE) participation goals and requirements. Active Construction Inc, Tucci & Sons Inc and Ceccanti Inc were deemed non-responsive due to failing to submit the required UDBE confirmation information within 24 hours of bid opening.*

The table below reflects the amount of the base award.

<u>Respondent</u>	<u>Location</u>	<u>Submittal Amount</u>
Tapani Inc	Battle Ground, WA	\$21,495,426.30
Tucci & Sons Inc	Tacoma, WA	\$23,998,755.15*
Goodfellow Bros LLC	Maple Valley, WA	\$25,704,721.00
Active Construction Inc	Puyallup, WA	\$26,865,490.94*
Ceccanti Inc	Tacoma, WA	\$28,051,902.00*
Kiewit Infrastructure West Co	Vancouver, WA	\$30,605,396.25

Pre-bid Estimate: **\$20,303,239.00**

The recommended award is 5.9 percent above the pre-bid estimate.

Based on the estimated 425 working days staff believes this project will result in 101,000 labor hours.

CONTRACT HISTORY: New Contract

SUSTAINABILITY: The project will improve the City's infrastructure and the safety of residents by providing sidewalks, enhanced pedestrian crossings and ADA curb ramps. Roadway widening and signal replacements/timing improvements will decrease idle times at intersections and reduce vehicle emissions.

SBE/LEAP COMPLIANCE: Not Applicable

UNDERUTILIZED DISADVANTAGED BUSINESS ENTERPRISE (UDBE): The recommended contract is in compliance with 49 Code of Federal Regulations Part 26 per memorandum dated March 3, 2020. The UDBE goal for this project is 13 percent, and the UDBE participation is approximately 14.4 percent. There are 2,400 designated training hours for this project.



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1060-CAPTL (PW Street Capital Projects)	PWK-G0021-05-01	5330100	\$19,508,884.23
4600 13-WC 2013 Bond Fund	WTR-00554-03-03	5330100	\$3,408,963.80
ES Wastewater Utility Fund 4300	ENV-04013-05-04	5330100	\$727,120.90
TOTAL			\$23,644,968.93

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
FHWA NHFP Grant	PWK-G0021-FS-04	4333240	\$10,394,996.00
FMSIB Grant	PWK-G0021-FS-04	4332270	\$2,500,000.00
FHWA STP Grant	PWK-G0021-FS-04	4333240	\$4,000,000.00
Streets Initiative Revenues	PWK-G0021-FS-02	6311108	\$853,341.93
Tacoma Rail	PWK-G0021-FS-07	6311120	\$750,000.00
4600 13-WC 2013 Bond Fund	586313	6311163	\$3,408,963.80
ES Wastewater Utility Fund 4300	521900	Rate Revenues	\$727,120.90
Pierce County	PWK-G0021-FS-05	4345223	\$510,546.30
Port of Tacoma	PWK-G0021-FS-05	4345221	\$500,000.00
TOTAL			\$23,644,968.93

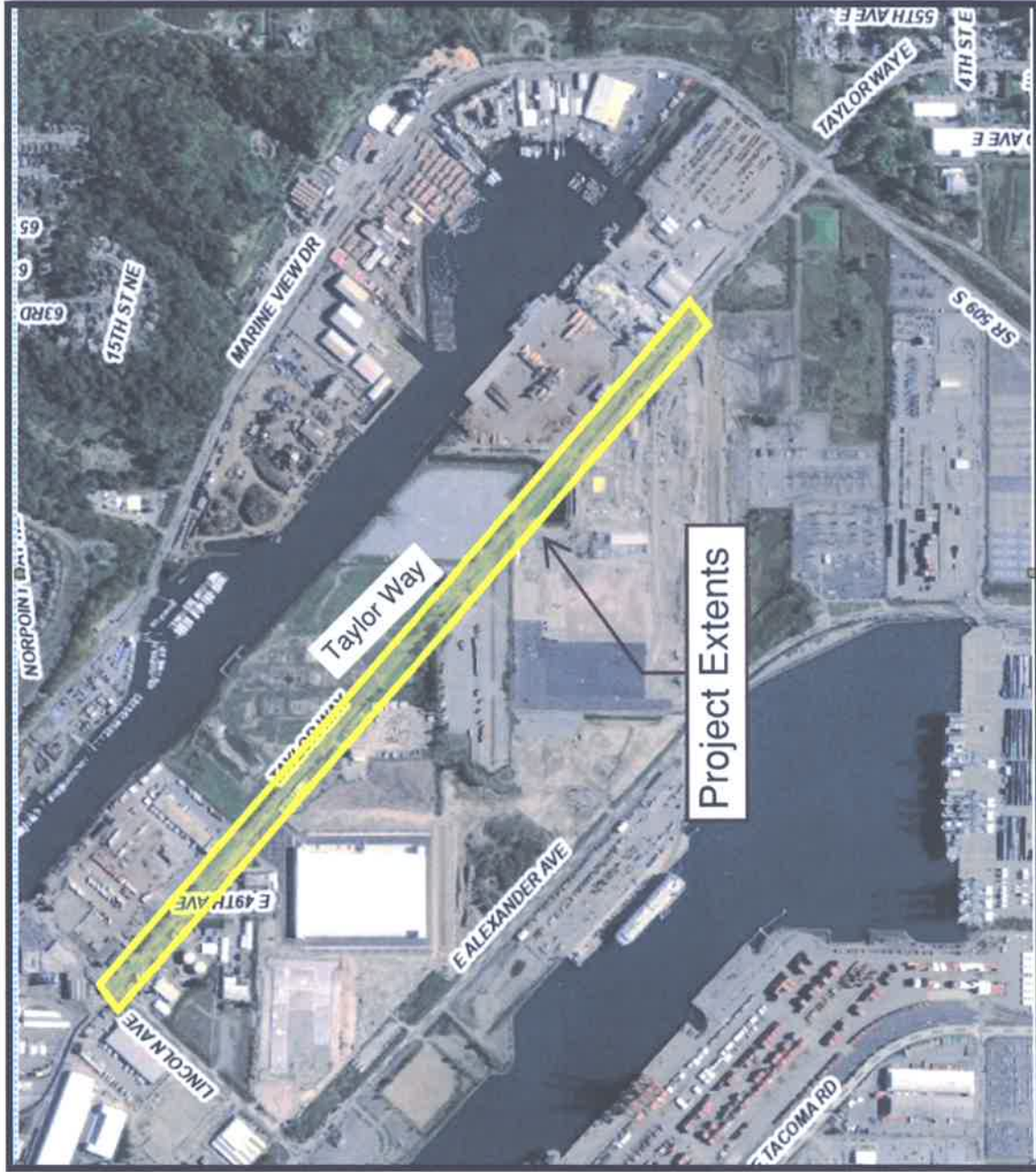
FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$23,644,968.93

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

APPROVED

Elizabeth Pauli, City Manager



Project Extents – Taylor Way Rehabilitation Project



City of Tacoma

Memorandum

TO: Chris Larson, P.E., Division Manager, Public Works Engineering Division
Shannon Wall, P.E., Division Manager, Planning & Engineering, Tacoma Water

FROM: Mark D'Andrea, P.E., Principal Engineer, Public Works Engineering Division
Ali Polda, P.E., Principal Engineer, Planning & Engineering, Tacoma Water

SUBJECT: Agreement for Taylor Way Rehabilitation, PW19-0262F

DATE: March 23, 2020

Tacoma Public Works, Engineering Division and Tacoma Water, Planning & Engineering (WATER) will be collaborating to add WATER and City of Fife (FIFE) related water infrastructure improvements to the Taylor Way Rehabilitation Project.

The following bullets summarize the estimated design and construction cost allocations for the project and other commitments.

1. The project is located in the Port of Tacoma area along Taylor Way from the Fife/Tacoma border to generally the E. 11th Street/Alexander Avenue intersection as shown on Figure 1. The Water improvements are planned along Taylor Way from the Tacoma/Fife border to Lincoln Avenue. Project design began in May 2018, the project advertised for construction October 29, 2019, and bids opened February 25, 2020.
2. Pre-Construction: Public Works (PW) will lead and coordinate the design efforts, develop contract plans and specifications, and advertise and award the contract for construction. As the project is federally funded and subject to extensive permitting and coordination with other entities (Department of Ecology, Port of Tacoma, adjacent businesses, the Puyallup Tribe of Indians, Tacoma Rail, Water & Power, WSDOT, Pierce County and Puget Sound Energy), WATER agrees to pay the pre-award costs associated with tasks that support the installation of the required infrastructure in the complete project. Estimated WATER pre-construction costs for budgeting purposes are \$35,609.
3. Public Works will provide WATER an opportunity, at a minimum, to review and comment on the contract documents at 30%, 60%, and 95% design, and have a role in reviewing bidder questions, updating plans, and in issuing addendums during the bidding period.
4. Construction:
 - A. As shown in Appendix A, WATER agrees to pay the full cost of the Schedule B (WATER) and Schedule E (FIFE) improvements, and the identified shared costs (e.g., mobilization, traffic control, etc.) to be paid at 8% and 1% in support of the WATER and FIFE improvements, respectively. As summarized below, the



City of Tacoma

Memorandum

estimated total construction cost for budgeting purposes is \$3,350,151. The final amount will be based on actual costs.

<u>ITEM</u>	<u>WATER</u>	<u>FIFE</u>	<u>TOTAL</u>
Mobilization	\$182,616	\$22,827	\$205,443
Traffic Control	\$36,000	\$4,500	\$40,500
Dewatering	\$175,000	\$2,500	\$177,500
Remaining Misc. Shared Items	\$193,170	\$20,751	\$213,921
Specific Bid Schedule Costs	\$2,567,604	\$145,183	\$2,712,787
Total	\$3,154,390	\$195,761	\$3,350,151

- B. Public Works will administer the construction contract and provide overall project management, including coordination with all permitting and associated agencies (see Item 2 above). WATER agrees to pay for the incremental cost of these services associated with the installation of the WATER and FIFE infrastructure at a value not to exceed 6% of the estimated/final construction costs (Schedule and Shared costs). If at any time the post-award labor costs are anticipated to exceed the defined percentages, PW shall initiate a conversation with WATER so both departments have an opportunity to evaluate the costs and agree on a cost distribution prior to project cost reconciliation. Estimated WATER and FIFE construction management costs for budgeting purposes are \$201,009.
- C. WATER and FIFE agree to pay their proportionate share of the Tribal Employment Rights Ordinances (TERO) Fee for the project as estimated by the Puyallup Tribe of Indians. The total estimated TERO fee for budgeting purposes for WATER and FIFE is \$18,023.

5. The above work will be billed to a WTR- project number created by WATER and provided for Public Works use.
6. Tacoma Water project participation and cost allocation is subject to Public Utility Board Approval.

We look forward to continuing our spirit of coordination and cooperation to accomplish this and future projects of mutual benefit to the citizens of Tacoma, Tacoma Water and Public Works. By signature, please indicate your approval to proceed with this joint project.

DocuSigned by:

Shannon Wall
Shannon Wall, P.E.
Planning & Engineering Division Manager
Tacoma Water

DocuSigned by:

Chris Larson
Chris Larson, P.E.
Engineering Division Manager
Public Works

4/9/2020

Date

4/9/2020

Date



E. 11TH ST./ALEXANDER TO TACOMA/FIFE BORDER

April 2010



City of Tacoma

Memorandum

APPENDIX A

[illegible]

DATE: 08/24/2015 11:05:00 AM

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PAGE 5 OF 8

DA 524F



RESOLUTION NO. U-11159

1 A RESOLUTION related to increasing the funding for the Emergency
2 Assistance Program during the period of the state of emergency
3 declared by the City of Tacoma in response to COVID-19 in order to
4 allow more households to qualify for assistance.

5 WHEREAS effective December 22, 1982, the City of Tacoma,
6 Department of Public Utilities, pursuant to Board Resolution U-6645 created the
7 Project Need Program which would encourage Tacoma Power customers to
8 donate to a special fund to be used and applied for the benefit of assisting
9 eligible low income customers with Power bill payments; and

10 WHEREAS the City Council appropriated funding for the administration
11 of the Project Need Program, and

12 WHEREAS the Project Need Program was renamed the Family Need
13 Program and, ultimately, renamed the Bill Credit Assistance Program (BCAP),
14 and

15 WHEREAS subsequent to, and in addition to the funding appropriated by
16 the City Council and the ongoing donations from customers, the Tacoma Public
17 Utilities budgets have consistently funded the program now known as BCAP
18 through moneys in a fund for low income assistance and a fund for Water Utility
19 operations, and

20 WHEREAS as a result of the impacts of COVID-19 and the state of
21 emergency that has been declared to respond to COVID-19, it was anticipated
22 that more Tacoma Public Utilities customers may be in need of the utility credit
23 than is available through the existing the BCAP program, and



1 WHEREAS in response to the state of emergency that has been
2 declared to respond to COVID-19, a new Emergency Assistance Program
3 ("Program") was created on March 17, 2020, pursuant to Second Amended
4 Resolution No. U-11149 and Res. No. 40575 with up to one million dollars of
5 the fund used for Power low income assistance and the fund used for Water
6 Utility operations, and

8 WHEREAS the Director of Utilities was authorized to develop more
9 flexible eligibility criteria for the Program than the eligibility requirements for
10 BCAP, and

12 WHEREAS it was estimated that changing the eligibility guidelines would
13 result in a significant number of additional households becoming potentially
14 eligible to be assisted through the Program in response to the state of
15 emergency, and

17 WHEREAS the requests for assistance through the Program from TPU
18 customers have demonstrated a need for additional funding of the Program,
19 and

21 WHEREAS TPU requests that an addition amount of up to one million
22 dollars of the fund used for Power low income assistance and the fund used for
23 Water Utility operations be added to the original one million dollars used to
24 create the Program, and

25 WHEREAS TPU requests that in addition to supplementing the
26 Program's funding with an extra one million dollars from the original funds, that



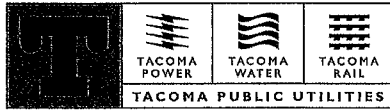
1 the Board recommend that the City Council approve the use of up to four
2 hundred thousand dollars of Environmental Services Department funds to
3 supplement the Program, and that the Council give the Director and the City
4 Manager authority to determine the appropriate allocation of moneys from the
5 different funds to ensure that an additional up to one million four hundred
6 thousand dollars may be added to the Program; Now, therefore,

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

10 Section 1. That to allow for more households to qualify for assistance in
11 this time of emergency, the Public Utility Board of the City of Tacoma hereby
12 concurs and approves the recommendation for increasing the funding of the
13 Emergency Assistance Program in response to the state of emergency
14 declared by the City of Tacoma concerning COVID-19 with up to an additional
15 one million dollars of the fund used for Power low income assistance and the
16 fund used for Water Utility operations.

18 Section 2. That the Board recommends that the City Council approve the
19 use of up to four hundred thousand dollars of Environmental Services
20 Department funds for the Program.

22 Section 3. That the Board recommends that the City Council authorize
23 the Director of Utilities and the City Manager to determine the appropriate
24 allocation of moneys from the different identified funds to ensure that an
25 additional one million four hundred thousand dollars may be made available for
26 the Emergency Assistance Program.



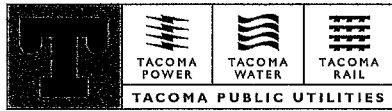
Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Steve Hatcher, Customer Service Manager
MEETING DATE: April 22, 2020
DATE: April 15, 2020

SUMMARY: Tacoma Public Utilities requests a resolution allowing an increase in up to one million dollars in the Emergency Assistance Program ("Program") which was authorized on March 17, 2020, by the Board through Second Amended Resolution No. U-11149 and by the City Council through Res. No. 40575. The Board authorized the Director of Utilities to develop the Program using up to one million dollars from the fund used for Power low income assistance and the fund used for Water Utility operations with broader eligibility criteria than used for BCAP. Due to the number of requests for assistance, the original amount of one million dollars used to establish the Program needs to be increased and staff is requesting an increase of an additional one million dollars. Environmental Services will also be requesting that the City Council add to the Program by approving the use of up to four hundred thousand dollars of Environmental Services Department funds. Staff recommends that the Board request that the City Council approve the use of Environmental Services funds. The combined total increase in the Program funds with the use of Environmental Services funds would be one million four hundred thousand dollars (\$1,400,000).

BACKGROUND: Effective December 22, 1982, the City of Tacoma, Department of Public Utilities, pursuant to Board Resolution U-6645 created the Project Need Program which would encourage Tacoma Power customers to donate to a special fund to be used and applied for the benefit of assisting eligible low income customers with Power bill payments. The City Council also appropriated funding for the administration of the Project Need Program. The Project Need Program was renamed the Family Need Program and, ultimately, renamed the Bill Credit Assistance Program (BCAP). Subsequent to, and in addition to the funding appropriated by the City Council and the ongoing donations from customers, the Tacoma Public Utilities budgets have consistently funded the program now known as BCAP through moneys in the Family Assistance Fund. The program now known as BCAP is available to eligible electricity, drinking water, solid waste, recycling and surface water customers, and provides assistance in the form of a utility credit up to \$564 annually, which is applied to the utility account.

In light of the state of emergency that has been declared in response to COVID-19, a new Emergency Assistance Program was created to expand assistance options for customers beyond what was available through BCAP. The Program was established with up to one million dollars of the fund used for low income assistance and the fund used for Water Utility operations. The criteria for the new program was expanded to increase significantly the number of additional households that would be eligible to receive assistance during the state of emergency. The intent of the Program was reached and the requests for assistance have demonstrated a need for additional funding of the Program. In addition to moneys from the two funds that were used to create the Program, TPU is requesting that the Board recommend that the City Council approve the use of moneys from Environmental Services funds and give the Director and the City Manager authority to determine the appropriate allocation of moneys from the funds.



Board Action Memorandum

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes, expenses for additional assistance are budgeted within the planned and approved 2019-2020 biennium budget.

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

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.

ATTACHMENTS:

N/A

CONTACT: Steve Hatcher, Customer Service Manager, (253) 502-8691



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities and Elizabeth Pauli, City Manager
COPY: Doris Sorum, City Clerk
SUBJECT: Proposed Resolution Adding Funds to Emergency Assistance Program – April 28, 2020
DATE: April 23, 2020

SUMMARY:

A resolution establishing an Emergency Assistant Program (“Program”) for the Environmental Services Department; authorizing the City Manager to establish the criteria for the Program and determine when the Program will be terminated; authorizing \$400,000 of sanitary sewer, storm sewer and solid waste utility funds to be allocated to the Program; and, authorizing an additional \$1,000,000 of Tacoma Power and Tacoma Water funds to be allocated to the Department of Public Utilities Emergency Assistance Program.

STRATEGIC POLICY PRIORITY:

Increasing the funding for the Program will further the strategic policy priorities below:

- Strengthen and support a safe city with healthy residents.
- Ensure all Tacoma residents are valued and have access to resources to meet their needs.

BACKGROUND:

An Emergency Assistance Program was authorized for Tacoma Public Utilities on March 17, 2020 through City Council Resolution. No. 40575. Pursuant to this Resolution, the Director of Utilities was authorized to develop the Emergency Assistance Program using up to one million dollars from the fund used for Power low income assistance and the fund used for Water Utility operations. The Program was designed to increase eligibility criteria for customers to receive assistance in the form of a utility credit during the period of the state of emergency declared by the City of Tacoma in response to COVID-19. Due to the number of requests for assistance, the original amount of one million dollars needs to be increased and the program needs to be expanded to include Environmental Services Utilities. The Public Utility Board, Director of Utilities, City Manager and Environmental Services Director have asked the City Council to approve an Emergency Assistance Program for Environmental Services, to authorize up to four hundred thousand dollars of rate stabilization reserves and funds established for low income assistance, and to approve using up to an additional one million dollars of TPU funds.

ISSUE:

Should the City Council authorize the City Manager to establish an Environmental Services Emergency Assistance Program in response to the COVID-19 emergency, and further authorize allocation of four hundred thousand dollars for this Program and increase by one million dollars the amount allocated to the Tacoma Public Utilities Emergency Assistance Program.

ALTERNATIVES:

The alternatives are to not authorize Environmental Services Emergency Assistance Program and not authorize the allocation of funds or allocate a different amount.



RECOMMENDATION:

In response to the current state of emergency, the new Program has provided emergency assistance for customers beyond what was available through BCAP. The Program was established with up to one million dollars and the requests for assistance have demonstrated a need for additional funding of the Program and that there is an immediate need. A new Emergency Assistance Program would be authorized for the Environmental Services Department utilities, and an additional \$1,400,000 would be added to the total Program funding and the Director and the City Manager would be granted authority to determine the appropriate allocation of moneys from the identified funds.

FISCAL IMPACT:

The fiscal impact will be one million four hundred thousand dollars to be allocated from the fund used for Power low income assistance, the fund used for Water Utility operations, and rate stabilization reserves and funds established for low income assistance that reside in the Environmental Services Department's operating funds.



EXPENDITURES:FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Solid Waste Fund 4200			\$150,000
ES Wastewater Fund 4300			\$150,000
ES Surface Water Fund 4301			\$100,000
Water Fund 4600			
Family Need Fund 4805			
			Up to \$1,000,000
TOTAL			Up to \$1,400,000

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
NA			
TOTAL			

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
NA			
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$1,400,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

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

Through reserves.



Utility Assistance - Update

City of Tacoma | Customer Services

April 22, 2020



Emergency Assistance Program

Emergency Assistance Program Budget as of 4/13/2020

Utility Service	Original Emergency Assistance Program Budget*	Additional Funding Request	Total Emergency Assistance Program Budget Combined	Emergency Assistance Program Expenditures (4/13/2020)	Remaining Emergency Assistance Program Budget w/Additional Funding
Power	\$1,000,000	\$700,000	\$1,700,000	\$584,200	\$1,115,800
Water	\$238,248	\$300,000	\$538,248	\$77,280	\$460,968
Wastewater	\$72,784	\$160,000	\$232,784	\$49,350	\$183,434
Surface Water	\$33,400	\$45,000	\$78,400	\$15,740	\$62,660
Solid Waste	\$122,052	\$195,000	\$317,052	\$68,210	\$248,842
TOTALS	\$1,466,484	\$1,400,000	\$2,866,484	\$794,780	\$2,071,704

*Funds allocated from BCAP



Emergency Assistance Program

Emergency Assistance Program as of 4/13/2020

Utility Service	Number of Households That Can Be Assisted w/Current Funding	Additional Households that Can Be Assisted w/Increased Funding*	Total Households That Can Be Assisted w/Combined Funding*
Power	8,000	5,600	13,600
Water	5,956	7,500	13,456
Wastewater	2,426	5,333	7,759
Surface Water	3,340	4,500	7,840
Solid Waste	3,051	4,875	7,926

3

*Number of Power households may vary based on whether it's a house or apartment



Emergency Assistance Program

Application Status (as of 4/13/2020)

Applications Received	Applications Approved	Applications Denied*
7,729	6,360	1,423

Applications Received

Inside the City	Outside the City
52%	48%

*Denial Reasons: Not in TPU service area; Over Income; Not listed as a customer; Incomplete application; Duplicate applications.

Emergency Assistance Program Eligible Credit

Power House	Power Apartment	Water	Wastewater*	Surface Water*	Solid Waste*
\$150	\$100	\$40	\$30	\$10	\$40

4

*Eligible Households in the City of Tacoma with five services (Power, Water, Wastewater, Surface Water, Solid Waste) receive a credit of \$270



RESOLUTION NO.

1 A RESOLUTION relating to the COVID-19 emergency; authorizing the temporary
2 establishment of an Emergency Assistance Program by the Department of
3 Environmental Services in order to allow more households to qualify for
4 assistance, authorizing the City Manager to establish the criteria for the
5 Program and to determine when the Program will be terminated, authorizing
6 funding for this program, and increasing the funding for the Emergency
7 Assistance Program for Tacoma Public Utilities

8 WHEREAS RCW 35.67.020(5) and RCW 35.92.020(5) authorize cities to
9 provide assistance to aid to low-income persons in connection with power,
10 water, sewerage and solid waste utility services, and

11 WHEREAS effective December 22, 1982, the City of Tacoma,
12 Department of Public Utilities (TPU), pursuant to Board Resolution U-6645
13 created the Project Need Program which would encourage Tacoma Power
14 customers to donate to a special fund to be used and applied for the benefit of
15 assisting eligible low income customers with Power bill payments; and

16 WHEREAS the City Council appropriated funding for the administration
17 of the Project Need Program, and

18 WHEREAS the Project Need Program was renamed the Family Need
19 Program and, ultimately, renamed the Bill Credit Assistance Program (BCAP),
20 and
21

22 WHEREAS subsequent to, and in addition to the funding appropriated by
23 the City Council and the ongoing donations from customers, the TPU budgets
24 have consistently funded the program now known as BCAP through moneys in
25 a fund for low income assistance and a fund for Water Utility operations, and
26



WHEREAS as a result of the impacts of COVID-19 and the state of
1 emergency that has been declared to respond to COVID-19, it was anticipated
2 that more TPU customers may be in need of the utility credit than is available
3 through the existing the BCAP program, and
4

WHEREAS in response to the state of emergency that has been
5 declared to respond to COVID-19, a new Emergency Assistance Program
6 ("Program") was created on March 17, 2020, pursuant to Second Amended
7 Resolution No. U-11149 and City Council Res. No. 40575 with up to one million
8 dollars of the fund used for Power low income assistance and the fund used for
9 Water Utility operations, and
10
11

WHEREAS the Director of Utilities was authorized to develop more
12 flexible low-income assistance eligibility criteria for the Program than the
13 eligibility requirements for BCAP which criteria are set forth in the April 15, 2020
14 memo from Customer Services Manager Steve Hatcher to Jackie Flowers,
15 Director of Utilities, and
16
17

WHEREAS it was estimated that changing the eligibility guidelines would
18 result in a significant number of additional low-income households becoming
19 potentially eligible to be assisted through the Program in response to the state
20 of emergency, and
21
22

WHEREAS the requests for assistance through the Tacoma Public
23 Utilities Emergency Assistance Program from utility customers have
24 demonstrated a need for additional funding of the Program, and
25
26



WHEREAS the Tacoma Public Utility Board (Board) by Resolution adopted April 22, 2020, requested that the City Council approve an additional amount of up to one million dollars of the fund used for Power low income assistance and the fund used for Water Utility operations, to be added to the original one million dollars used to create the Program, and

WHEREAS the Board, the Director of Utilities, the City Manager and the Environmental Services Director, also recommend that the City Council establish an Emergency Assistance Program within the Environmental Services Department for sanitary sewer, stormwater and solid waste utilities, approve the use of up to four hundred thousand dollars of Environmental Services Department funds to support the Program, and grant the City Manager authority to establish the eligibility criteria for the program consistent with the criteria established for the TPU Emergency Assistance Program and to determine when to terminate the program;

Now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That, to allow for more households to qualify for low-income assistance in this time of emergency, the City Council approves the establishment of an Emergency Assistance Program within the Environmental Services Department sanitary sewer, stormwater and solid waste utilities, to provide emergency assistance to eligible households.

Section 2. That the City Manager is delegated authority to establish the eligibility criteria to qualify for low-income assistance that are consistent with the



criteria established for the Tacoma Public Utilities Emergency Assistance
1 Program, and further, at the conclusion of the state of emergency declared by
2 the City of Tacoma in response to COVID-19, to determine when to terminate
3 the Environmental Services Department Emergency Assistance Program.
4

5 Section 3. That the City Council approves the allocation of funds in
6 the amount of up to four hundred thousand dollars from the rate stabilization
7 reserves and funds established for low-income assistance, to support the
8 Environmental Services Department Emergency Assistance Program.
9

10 Section 4. That to allow for more households to qualify for low-income
11 assistance in this time of emergency, the City Council approves an increase in
12 the funding of the Tacoma Public Utilities Emergency Assistance Program with
13 up to an additional one million dollars of the fund used for low income
14 assistance and the fund used for Water Utility operations.
15

16 Section 5. That the City Council finds that this resolution is necessary,
17 routine, and consistent with Governor Inslee's emergency proclamation issued
18 March 24, 2020, suspending portions of the Open Public Meetings Act.
19
20
21

22 Adopted _____
23

24 _____
25 Mayor
26

Attest:



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City Clerk

Approved as to form:

Chief Deputy City Attorney



RESOLUTION NO. U-11160

1 A RESOLUTION relating to Tacoma Power; approving a Supplemental Ordinance;
2 and authorizing the issuance of an Electric System Subordinate Revenue
3 Note, Series 2020 (Taxable), in the principal amount of not to exceed
4 \$100,000,000, the execution of a Note Purchase Agreement, and other
5 matters related thereto.

6 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance
7 No. 23514, passed on November 20, 1985 (as amended and supplemented,
8 including as amended and restated by Ordinance No. 28146, passed on April 30,
9 2013, collectively, the "Senior Bond Ordinance"), authorized electric system
10 revenue bonds of the City ("Senior Bonds") to be issued in series having a parity of
11 lien and charge on the Revenues of the Electric System after the payment of
12 Operating Expenses (as those terms are defined therein), if certain conditions are
13 met, and

14 WHEREAS the Senior Bond Ordinance permits the City to issue obligations
15 that are junior and subordinate to the payment of the Senior Bonds and that are
16 payable out of Revenues of the Electric System, after payment of Operating
17 Expenses, only after the prior payment of all amounts required to be paid or set
18 aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall
19 become due at the times, in the manner and subject to the conditions set forth in
20 the Senior Bond Ordinance, and

21
22
23 WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295
24 (as amended, the "Master Subordinate Ordinance"), authorizing the issuance from
25 time to time of revenue bonds, junior and subordinate to the Senior Bonds, to be
26 known as the City of Tacoma Electric System Subordinate Revenue Bonds



1 ("Subordinate Bonds") in one or more series to finance costs of the Electric
2 System, and

3 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
4 No. 28297, adopted by the City Council on April 21, 2015, the City, acting through
5 its Department of Public Utilities, Light Division (d/b/a "Tacoma Power"), issued its
6 Electric System Subordinate Revenue Note, Series 2015B, to provide general
7 credit, including liquidity, for the Electric System in the principal amount of not to
8 exceed \$50,000,000 outstanding at any time (the "2015B Note"), and

9 WHEREAS the 2015B Note and the related Note Purchase Agreement
10 between the City and KeyBank National Association, as purchaser, matured on
11 May 12, 2018, and is no longer available to Tacoma Power for advances, and

12 WHEREAS Tacoma Power's Electric Rate and Financial Policy directs,
13 among many things, that Tacoma Power maintain sufficient liquidity to support
14 Tacoma Power's operational objectives, preserve financial and management
15 flexibility, and plan for maintaining or improving credit ratings, and

16 WHEREAS financial sustainability, planning for unexpected future events,
17 and strengthening and maintaining a strong fiscal management position are
18 consistent with City policy and fundamental to sound long range planning and
19 government performance, and

20 WHEREAS KeyBank National Association (the "Purchaser") has offered to
21 extend a credit facility in the form of a drawdown revolving line of credit to Tacoma
22 Power to replace the expired 2015B Note, and



WHEREAS the Public Utility Board (the "Board") finds that it is in the best interest of Tacoma Power and its ratepayers that the City issue its Electric System Subordinate Revenue Note, Series 2020 (Taxable), to evidence a drawdown revolving line of credit established with the Purchaser to provide general credit, including liquidity, for the Electric System, and

WHEREAS pursuant to Tacoma City Charter Section 4.11, the Board is required to initiate and approve all matters related to the incurrence of indebtedness and the issuance of bonds on behalf of Tacoma Public Utilities, and then forward such matters to the Council of the City for concurring approval, and

WHEREAS the form of authorizing ordinance (the "Supplemental Ordinance") has been presented to the Board and a copy of such document is on file with the Clerk of the Board, and

WHEREAS the Board hereby recommends that it is in the best interest of the citizens of Tacoma that the Supplemental Ordinance be approved by the Board and passed by the Council of the City to accomplish the purposes set forth therein;
Now, Therefore,

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

Sec. 1. Due to increasing capital and operating costs, anticipated fluctuations in Revenues of the Electric System, and other economic conditions, the Board hereby finds that it is necessary and advisable to obtain a general credit facility in the form of a drawdown revolving line of credit to finance capital and operating costs of the Electric System and help maintain the financial stability of the Electric System. The use of short-term debt agreements to maintain financial



1 stability is consistent with Tacoma Power financial policies and planning, as is the
2 use of short-term debt to finance capital and operating costs. A general credit
3 facility, including liquidity, will assist Tacoma Power in maintaining financial stability
4 which will help support the current and future needs of the Electric System.

5 Pursuant to Tacoma City Charter Section 4.11, it is necessary for the Board to
6 initiate and approve all matters related to the incurrence of indebtedness and the
7 issuance of bonds on behalf of Tacoma Power, and then forward such matters to
8 the Council of the City for concurring approval.

9
10 Sec. 2. The Board hereby finds (1) it is in the best interest of Tacoma
11 Power and its ratepayers that the City issue the 2020 Note as a Subordinate Bond
12 under the Master Subordinate Ordinance to provide general liquidity for Tacoma
13 Power, (2) Tacoma Power has or expects to receive a proposal from the Purchaser
14 to purchase the 2020 Note, which is based on current market conditions and rates
15 which are changing in the current bond market, (3) it would be beneficial to
16 Tacoma Power and its ratepayers to sell the 2020 Note to the Purchaser subject to
17 the parameters provided for in the Supplemental Ordinance, and (4) the adoption
18 of this resolution and the issuance of the 2020 Note as contemplated herein and in
19 the Supplemental Ordinance is routine and consistent with City and Tacoma Power
20 policy and procedures.
21

22
23 Sec. 3. Subject to the parameters set forth in the Supplemental Ordinance,
24 that the terms and conditions of the proposed Supplemental Ordinance, including
25 delegating authority to the Director of Utilities, and, in the alternative, the Tacoma
26 Power Superintendent (each, a "Designated Representative"), to approve the



issuance and sale of the 2020 Note in the principal amount of not to exceed
\$100,000,000, outstanding at any time and selling such 2020 Note to the
Purchaser pursuant to the terms of a Note Purchase Agreement (the "Purchase
Agreement") are hereby approved, and the Council of the City is requested to
concur in this approval by the passage of the same at the earliest opportunity in
the final form approved by the City Attorney.

Sec. 4. Upon passage of the Supplemental Ordinance, each Designated
Representative is delegated authority to approve the final terms and conditions of
the Purchase Agreement in coordination with Bond Counsel, the Municipal Advisor
and the City Attorney's Office subject to the terms set forth in the Supplemental
Ordinance, and to execute and implement the Purchase Agreement (including the
payment of any financing costs associated with the delivery of the Purchase
Agreement).

Sec. 5. The Board finds that this resolution is necessary, routine, and
consistent with Governor Inslee's emergency proclamation issued on March 24,
2020, suspending portions of the Open Public Meetings Act.

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Sec. 6. This resolution shall become effective immediately upon its adoption.

Approved as to form:

Chair _____

/s/
Pacifica Law Group LLP,
Bond Counsel

Secretary _____

Clerk

Adopted _____



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Bill Berry, Rates, Planning, and Analysis Manager
MEETING DATE: April 22, 2020
DATE: April 14, 2020

SUMMARY: Tacoma Power is requesting authorization to enter into a **two-year Note Purchase Agreement (NPA) with KeyBank with a principal amount up to \$100 million** to provide general liquidity for Tacoma Power. The proposed Ordinance and Resolution has been drafted by Tacoma Power's Bond Counsel, Pacifica Law Group LLP (Pacifica) and Municipal Advisor, Montague DeRose and Associates (MDA), in collaboration with Tacoma Power staff, the City Treasurer, and the City Attorney.

STRATEGIC POLICY PRIORITY:

The strategic policy priority best aligned to this action is to "Strengthen and maintain a strong fiscal management position."

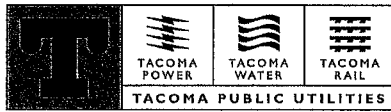
The Note Purchase Agreement with KeyBank provides general liquidity for any purpose deemed necessary. Entering into the liquidity agreement will help maintain financial flexibility and limit rate increases over the next biennium. It is viewed by two of the three rating agencies as enhanced liquidity to meet our Electric Rate and Financial Policy goal of maintaining financial metrics of an AA-level utility. Additionally, utilization of the agreement would only be for emergency purposes, and thus the NPA is a low-cost option to achieve those metrics and keep rates low.

BACKGROUND:

In October 2014, Tacoma Power solicited proposals from qualified firms for short-term funding products and reviewed responses from eleven financial firms. From that pool of respondents, Wells Fargo and KeyBank offered the lowest cost and most flexible options for interim capital financing and general liquidity financing, respectively.

On May 1, 2015, Tacoma Power executed an NPA with KeyBank providing a three-year commitment for a revolving line of credit for \$25 million, with the option to increase the amount to \$50 million. In connection with the execution of the 2015 NPA with KeyBank, the City issued its Electric System Subordinate Revenue Note, Series 2015B to evidence the line of credit. However, Tacoma Power did not need to use the agreement to improve liquidity financial metrics or finance operations and let the agreement lapse in May 2018.

Tacoma Power is beginning 2020 with lower revenues, increased expenses, and a lower cash position from a near-critical water year in 2019. In addition, the COVID-19 pandemic will result in an economic downturn that is expected to reduce Tacoma Power's revenues and liquidity.



Board Action Memorandum

At the request of Tacoma Power, their municipal advisor, Montague DeRose LLC (MDA), recently solicited pricing from several banks for a new short-term agreement to meet liquidity financial metrics and assist with operational expenses. MDA determined that a new KeyBank agreement allows for the more cost effective and efficient management of liquidity needs after evaluating numerous financing options.

Tacoma Power and MDA note the following considerations concerning a two-year agreement with KeyBank, with a possible extension for another year:

- The KeyBank NPA will supplement Tacoma Power's liquidity in order to meet financial metrics of a AA level utility, consistent with the goals of the Tacoma Power Electric Rates and Financial Policy. While we anticipate that this agreement will only be used to supplement liquidity or in an emergency situation, the facility can be utilized for any purpose deemed necessary.
- The primary purpose of the NPA is to provide liquidity and Tacoma Power does not expect to draw on the NPA. The unutilized fee is 35 basis points, or \$350,000 annually for a \$100 million bank line.
- The London Interbank Offered Rate (LIBOR), which is a borrowing benchmark used globally, will phase out at the end of 2021. This benchmark is commonly used to calculate interest rates paid on amounts borrowed in bank lending agreements. The market has not settled on an alternative benchmark, so the pricing of another potential benchmark, will be part of the negotiation process.

PRELIMINARY TERMS:

Pricing under consideration with KeyBank is as follows:

Maturity: 2 years with extension as negotiated

Notional Amount: Up to \$100,000,000

Interest Benchmark: LIBOR transitioning in December 2021 to a replacement*

Origination Fee: 25 basis points (\$250,000)

Utilized fee: One month LIBOR + 175 basis points on drawn amount

Unutilized fee: 35 basis points annually (\$350,000) on unused amount of \$100 million

LIBOR Floor: 50 basis points

Issuance Costs: \$132,000 (Bond Counsel, Bank Counsel, Municipal Advisor fees)

Annual Facility Cost (including the Origination Fee): \$475,000 (unutilized) to \$2.375 million (utilized, based on LIBOR floor of 50 basis points)

Estimated Average Annual All-In Cost: \$541,000 (unutilized) to \$2.44 million (utilized, based on LIBOR floor of 50 basis points)

* as negotiated



Board Action Memorandum

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?

The estimated unutilized average annual all-in cost of the KeyBank NPA is \$541,000 and was not included in the Tacoma Power 2019/2020 budget.

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

Tacoma Power plans to pay for the KeyBank NPA from the Current Fund account 4700.

ATTACHMENTS: Ordinances and Resolutions

CONTACT: Bill Berry, Rates, Planning & Analysis Manager, 253.502.8294
Erin Erben, Rates and Financial Planning Manager, 253.502.8986
Michelle Brown, Power Financial Planning Analyst, 253.441.4908



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager and Doris Sorum, City Clerk
SUBJECT: Tacoma Power KeyBank Note Purchase Agreement
DATE: April 22, 2020

SUMMARY:

Tacoma Power is requesting authorization to enter into a **two-year Note Purchase Agreement (NPA) with KeyBank National Association (KeyBank) with a principal amount of up to \$100 million** to provide general liquidity for Tacoma Power. This will be presented to the Public Utility Board at the April 22, 2020, Study Session. The proposed Ordinance and Resolution has been drafted by Tacoma Power's Bond Counsel, Pacifica Law Group LLP (Pacifica) and Municipal Advisor, Montague DeRose and Associates (MDA), in collaboration with Tacoma Power staff, the City Treasurer, and the City Attorney.

STRATEGIC POLICY PRIORITY:

The strategic policy priority best aligned to this action is to "Strengthen and maintain a strong fiscal management position."

The Note Purchase Agreement with KeyBank provides general liquidity for any purpose deemed necessary. Entering into the liquidity agreement will help maintain financial flexibility and limit rate increases over the next biennium. It is viewed by two of the three rating agencies as enhanced liquidity to meet our Electric Rate and Financial Policy goal of maintaining financial metrics of an AA-level utility. Additionally, utilization of the agreement would only be for emergency purposes, and thus the NPA is a low cost options to achieve those metrics and keep rates low.

BACKGROUND:

In October 2014, Tacoma Power solicited proposals from qualified firms for short-term funding products and reviewed responses from eleven financial firms. From that pool of respondents, Wells Fargo and KeyBank offered the lowest cost and most flexible option for interim capital financing and general liquidity financing, respectively.

On May 1, 2015, Tacoma Power executed the NPA with KeyBank providing a commitment for a revolving line of credit for \$25 million, with the option to increase the amount to \$50 million, for three years. In connection with the execution of the NPA with KeyBank, the City issued its Electric System Subordinate Revenue Note, Series 2015B to evidence the line of credit. However, Tacoma Power did not need to use the agreement to improve liquidity financial metrics or finance operations and let the agreement lapse in May 2018.

Tacoma Power is beginning 2020 with lower revenues, increased expenses, and a lower cash position from a near-critical water year in 2019. In addition, the COVID-19 pandemic will result in an economic downturn, which is expected to reduce Tacoma Power's revenues and liquidity.



At the request of Tacoma Power, their municipal advisor, Montague DeRose LLC (MDA), recently solicited pricing from several banks for a new short-term agreement to meet liquidity financial metrics and assist with operational expenses. MDA determined that a new KeyBank agreement allows for the more cost effective and efficient management of liquidity needs after evaluating numerous financing options.

ISSUES:

Tacoma Power and MDA note the following considerations concerning a two-year agreement with KeyBank, with a possible extension for another year:

- The KeyBank NPA will supplement Tacoma Power's liquidity in order to meet financial metrics of an AA level utility, consistent with the goals of the Tacoma Power Electric Rates and Financial Policy. While we anticipate that this agreement will only be used to supplement liquidity or in an emergency situation, the facility can be utilized for any purpose deemed necessary.
- Tacoma Power does not expect to draw on the NPA. The unutilized fee is 35 basis points, or \$350,000 annually for a \$100 million bank line.
- The London Interbank Offered Rate (LIBOR), which is a borrowing benchmark used globally, will phase out at the end of 2021. This benchmark is commonly used to calculate interest rates paid on amounts borrowed in bank lending agreements. The market has not settled on an alternative benchmark, so the pricing of another potential benchmark, will be part of the negotiation process.

PRELIMINARY TERMS:

Pricing under consideration with KeyBank is as follows:

Maturity: 2 years with extension as negotiated

Notional Amount: Up to \$100,000,000

Interest Benchmark: LIBOR transitioning in December 2021 to a replacement*

Origination Fee: 25 basis points (\$250,000)

Utilized fee: One month LIBOR + 175 basis points on drawn amount

Unutilized fee: 35 basis points annually (\$350,000) on unused amount

LIBOR Floor: 50 basis points

Issuance Costs: \$132,000 (Bond Counsel, Bank Counsel, Municipal Advisor fees)

Annual Facility Cost (including the Origination Fee): \$475,000 (unutilized) to \$2.375 million (utilized, based on LIBOR floor of 50 basis points)

Estimated Average Annual All-In Cost: \$541,000 (unutilized) to \$2.44 million (utilized, based on LIBOR floor of 50 basis points)

* as negotiated



ALTERNATIVES:

Given the state of the financial markets and the COVID-19 induced recession, there is no assurance that an alternative will be available, nor what the costs might be. If Tacoma Power does not enter into a Note Purchase agreement with KeyBank, alternatives may be brought back to the City Council for consideration. Some alternatives might be:

- Tacoma Power could issue a two-year put bond over the next few months at a higher all-in rate compared to the unutilized KeyBank proposed rate.
- Tacoma Power could solicit alternative proposals and negotiate a new floating rate note for approval by the City Council in the immediate future. Tacoma Power would likely pay a higher all-in rate for this alternative financing.

RECOMMENDATION:

Tacoma Power recommends approval to enter into a general liquidity agreement with KeyBank for up to \$100 million to improve financial flexibility and enhance liquidity metrics, with their favorable pricing compared to other liquidity options and proposals.

FISCAL IMPACT TO THE CURRENT BIENNIUM: None

The estimated unutilized average annual all-in cost of the KeyBank NPA is \$541,000 and was not included in the Tacoma Power 2019/2020 budget.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No.

Tacoma Power

Bill Berry (bberry@cityoftacoma.org)

Proposed KeyBank General Note Purchase Agreement

Resolution U-11160

Note Purchase Agreement

Short-Term Debt

Liquidity Management:

- Tacoma Power entered into a 3-year general liquidity line of credit with Key Bank in 2015-2018.
- Reinstating the Key Bank line of credit is under consideration to supplement Tacoma Power's liquidity levels.
- Only anticipated to be used as an additional source of liquidity or in emergency situations. However, the facility may be utilized for any purpose deemed necessary.

Proposed Terms	Key Bank Revolving Credit Facility
Commitment Amount	\$50,000,000 to \$100,000,000 is under consideration
General Purpose	General Liquidity Facility
Term	2 years + Extensions as Negotiated
Origination/Upfront Fee	30 bps if \$50mm (\$150,000), 25 bps if \$100mm (\$250,000)
Unutilized Fee	35 bps annually (\$175,000 up to \$350,000)
Interest Rate on Drawn Amount	1 Month LIBOR Index + 175 bps (0.98% + 1.75%) = 2.73%
LIBOR Floor	0.50%
Minimum Initial Draw	None

KeyBank 

**Resolution
U-11160**

Note Purchase Agreement

TACOMA  POWER
TACOMA PUBLIC UTILITIES

Next Steps

Timeline:

- **Today** — Approve Resolution U-11160
- **April 28, 2020** — First Reading
- **May 5, 2020** — Second Reading
- **May 20, 2020** — Closing Date



ORDINANCE NO.

1 AN ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power,
2 approving a Supplemental Ordinance; authorizing the issuance of a short-
3 term Electric System Subordinate Revenue Note in the principal amount of
4 not to exceed \$100,000,000 to provide general credit, including liquidity, for
5 the Electric System; authorizing the execution of a Note Purchase
6 Agreement; delegating the authority to approve the final terms of the Note;
7 and approving certain other matters related thereto.

8 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance
9 No. 23514, passed on November 20, 1985 (as amended and supplemented,
10 including as amended and restated by Ordinance No. 28146, passed on April 30,
11 2013, collectively, the "Senior Bond Ordinance"), authorized electric system
12 revenue bonds of the City ("Senior Bonds") to be issued in series having a parity of
13 lien and charge on the Revenues of the Electric System after the payment of
14 Operating Expenses (as those terms are defined therein), if certain conditions are
15 met, and made covenants in connection with the issuance of such Senior Bonds,
16 and

17 WHEREAS the Senior Bond Ordinance permits the City to issue obligations
18 that are junior and subordinate to the payment of the Senior Bonds and that are
19 payable out of Revenues of the Electric System, after payment of Operating
20 Expenses, only after the prior payment of all amounts required to be paid or set
21 aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall
22 become due at the times, in the manner and subject to the conditions set forth in
23 the Senior Bond Ordinance, and

24 WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295
25 (as amended, the "Master Subordinate Ordinance") to authorize a new issue of
26



1 revenue bonds of the City, junior and subordinate to the Senior Bonds, to be
2 known as the City of Tacoma Electric System Subordinate Revenue Bonds
3 ("Subordinate Bonds") in one or more series to finance costs of the Electric
4 System, and

5
6 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
7 No. 28297 adopted by the City Council on April 21, 2015, the City, acting through
8 its Department of Public Utilities, Light Division (d/b/a "Tacoma Power"), issued its
9 Electric System Subordinate Revenue Note, Series 2015B, to provide general
10 credit, including liquidity, for the Electric System in the principal amount of not to
11 exceed \$50,000,000 outstanding at any time (the "2015B Note"), and
12

13 WHEREAS the 2015B Note and the related Note Purchase Agreement
14 between the City and KeyBank National Association, as purchaser, matured on
15 May 12, 2018 and is no longer available to Tacoma Power for advances, and
16

17 WHEREAS Tacoma Power's Electric Rate and Financial Policy directs,
18 among many things, that Tacoma Power maintain sufficient liquidity to support
19 Tacoma Power's operational objectives, preserve financial and management
20 flexibility, and plan for maintaining or improving credit ratings, and

21 WHEREAS financial sustainability, planning for unexpected future events,
22 and strengthening and maintaining a strong fiscal management position are
23 consistent with City policy and fundamental to sound long range planning and
24 government performance, and
25
26



1 WHEREAS the Public Utility Board (the "Board") has initiated and has
2 recommended to the City Council for its approval the issuance of a Subordinate
3 Bond in the form of a note (the "2020 Note") to provide general credit, including
4 liquidity, for the Electric System and to pay costs of issuance of the 2020 Note, and
5

6 WHEREAS KeyBank National Association has offered to extend a credit
7 facility to Tacoma Power to replace the expired 2015B Note, and
8

9 WHEREAS the Council hereby determines that it is in the best interests of
10 the City and its ratepayers to issue the 2020 Note to provide general credit,
11 including liquidity, for the Electric System and to pay costs of issuance for the 2020
12 Note, and that the 2020 Note be sold to and purchased by KeyBank National
13 Association (the "Purchaser") by private sale pursuant to a note purchase
14 agreement to be entered into between the City and the Purchaser (the "Purchase
15 Agreement"), and
16

17 WHEREAS pursuant to RCW 39.46.040 the City Council wishes to delegate
18 authority to the Director of Public Utilities, or in the alternative, the Tacoma Power
19 Superintendent (each, a "Designated Representative"), as provided herein, for a
20 limited time, to approve the principal amount available under the 2020 Note, the
21 final maturity date for the 2020 Note, the terms of the Purchase Agreement, and
22 other provisions relating to the 2020 Note within the parameters set by this
23 Supplemental Ordinance, Now, Therefore,
24
25
26



1 BE IT ORDAINED BY THE CITY OF TACOMA:

2 ARTICLE I

3 DEFINITIONS

4 Section 1.1. Definitions and Interpretation of Terms. Unless otherwise
5 defined in the recitals and elsewhere in this Supplemental Ordinance, capitalized
6 terms used herein shall have the meanings set forth in the Master Subordinate
7 Ordinance, as it may be amended. In addition, as used in this Supplemental
8 Ordinance the following words shall have the following meanings:
9

10 "Designated Representative" means the Director of Public Utilities, or in the
11 alternative, the Tacoma Power Superintendent. The signature of one Designated
12 Representative shall be sufficient to bind the City.
13

14 "Interest Rate" means the variable rate of interest on the 2020 Note as
15 approved by a Designated Representative and set forth in the 2020 Note and in
16 the Purchase Agreement.
17

18 "Maturity Date" means the date specified in the 2020 Note and in the
19 Purchase Agreement, which shall be no later than two years from the date of
20 issuance of the 2020 Note.

21 "Note Registrar" means Bond Registrar as defined in the Master
22 Subordinate Ordinance.
23

24 "Purchase Agreement" means the note purchase agreement, loan
25 agreement, continuing covenant agreement, line of credit agreement or other
26 agreement between the City and the Purchaser and approved by a Designated



1 Representative pursuant to this Supplemental Ordinance, as it may be
2 supplemented and amended.

3 "Purchaser" means KeyBank National Association, and its affiliates and
4 successors.

5
6 "Rule" means the Securities and Exchange Commission's Rule 15c2-12
7 under the Securities Exchange Act of 1934, as the same may be amended from
8 time to time.

9 "State" means the State of Washington.

10 "2015A Note" means the City's outstanding Electric System Subordinate
11 Revenue Note, Series 2015A.

12
13 "2020 Note" means the City's Electric System Subordinate Revenue Note,
14 Series 2020 (Taxable), issued pursuant to the Master Subordinate Ordinance and
15 this Supplemental Ordinance.

16 ARTICLE II

17 FINDINGS; PARITY CONDITIONS

18
19 Section 2.1. Findings. Pursuant to the terms of the Master Subordinate
20 Ordinance, the City has authorized a subordinate lien revenue bond borrowing
21 program, which authorizes the City to issue, from time to time, one or more series
22 of Subordinate Bonds to finance costs of the Electric System. Due to increasing
23 capital and operating costs, anticipated fluctuations in Revenues of the Electric
24 System, and other economic conditions, Tacoma Power has determined that it is
25 necessary and advisable to obtain a general credit facility in the form of a
26



1 drawdown revolving line of credit to finance capital and operating costs of the
2 Electric System and help maintain the financial stability of the Electric System. The
3 use of short-term debt agreements to maintain financial stability is consistent with
4 Tacoma Power financial policies and planning, as is the use of short-term debt to
5 finance capital and operating costs. A general credit facility, including liquidity, will
6 assist Tacoma Power in maintaining financial stability which will help support the
7 current and future needs of the Electric System. Council approval is necessary
8 prior to the issuance of debt under the Tacoma City Charter and State law.
9

10 The Council hereby finds (1) it is in the best interest of Tacoma Power and
11 its ratepayers that it issue a short-term note as a Subordinate Bond under the
12 Master Subordinate Ordinance to provide general liquidity for Tacoma Power for its
13 capital projects and operations; (2) Tacoma Power has or expects to receive a
14 proposal from the Purchaser to purchase the 2020 Note; (3) the Purchaser's
15 proposal is based on current market conditions and rates, which are changing in
16 the current bond market environment; (4) the 2020 Note authorized herein will be
17 issued without further Council approval only if the parameters provided for herein
18 are satisfied; and (5) the adoption of this Supplemental Ordinance and the
19 authorization of the 2020 Note is necessary, routine and consistent with City and
20 Tacoma Power policy and Governor Inslee's emergency proclamation issued on
21 March 24, 2020, suspending portions of the Open Public Meetings Act.
22
23
24
25
26



1 Section 2.2. Parity Conditions. In connection with the issuance of the 2020
2 Note, the City hereby makes the following findings:

3 A. There is, and as of the effective date of the 2020 Note there will be, no
4 deficiency in the Bond Fund, and no Event of Default has occurred or shall have
5 occurred and being continuing.
6

7 B. This Supplemental Ordinance provides that the payment of the principal
8 of and interest on the 2020 Note shall continue to be paid out of the Bond Fund
9 and subject to the terms of the Master Subordinate Ordinance and the Purchase
10 Agreement.
11

12 C. On the effective date of the 2020 Note, there will be on file with the City
13 a certificate satisfying the conditions set forth in Section 6.1 of the Master
14 Subordinate Ordinance.

15 Section 2.3. Findings Related to Revenues of the Electric System. The City
16 hereby finds and determines that the Revenues of the Electric System at the rates
17 to be charged for power and other services and commodities from the Electric
18 System will be more than sufficient to meet all Operating Expenses, to make all
19 required payments with respect to the Senior Bonds and the 2015A Note, and to
20 permit the setting aside into the Bond Fund out of the Revenues of amounts
21 sufficient to pay the principal of and interest on the 2020 Note as increased and
22 extended and when due at maturity and upon any mandatory sinking fund
23 redemption thereof.
24
25
26



1 delegates to each Designated Representative authority to make written requests
2 for draw pursuant to the terms of this Supplemental Ordinance.

3 The 2020 Note shall be dated as of its date of delivery to the Purchaser,
4 shall be fully registered as to both principal and interest, shall be in one
5 denomination, shall be in the principal amount of not to exceed \$100,000,000
6 outstanding at any one time, and shall mature on the Maturity Date. The 2020
7 Note shall bear interest on the outstanding principal balance drawn on the 2020
8 Note at the Interest Rate, subject to any default rate or other interest rate changes
9 provided for in the 2020 Note and in the Purchase Agreement.
10

11 Interest on the outstanding principal balance on the 2020 Note shall be
12 calculated as provided in the 2020 Note and in the Purchase Agreement. Principal
13 of and interest on the 2020 Note shall be payable at the times and in the amounts
14 as set forth in the 2020 Note and in the Purchase Agreement. The 2020 Note shall
15 be subject to mandatory and optional redemption and to mandatory tender for
16 purchase prior to maturity on the dates and at the prices, and the terms of the 2020
17 Note shall be as set forth in the Purchase Agreement.
18

19 Section 3.2. Form of 2020 Note. The 2020 Note certificate shall be in
20 substantially the form set forth in Exhibit "A" attached hereto and made a part
21 hereof, with appropriate variations, omissions, and insertions as shall be required
22 or appropriate consistent with the Master Subordinate Ordinance and this
23 Supplemental Ordinance to reflect the terms as provided herein.
24
25
26



1 The 2020 Note shall contain a legend to the effect that the transferability of
2 such 2020 Note is subject to the restrictions set forth in the Purchase Agreement.
3 Registered ownership of the 2020 Note, or any portion thereof or interest thereon,
4 may not thereafter be transferred except as set forth in the Purchase Agreement.
5

6 Section 3.3. Registered Note; No Book-Entry System.

7 A. Note Book-Entry Bond. The 2020 Note shall be issued in the form of a
8 separate single fully-registered 2020 Note but not as a Book-Entry Bond. The 2020
9 Note shall be registered in the name of the Purchaser as the original registered
10 owner. The terms and provisions set forth in Sections 4.3(d), 4.3(e), and 4.4 of the
11 Master Subordinate Ordinance shall not apply to the 2020 Note, and to the extent
12 that the registration, transfer and exchange, place and medium of payment for the
13 2020 Note is not set forth herein, such provisions shall be as set forth in the 2020
14 Note and the Purchase Agreement.
15

16 B. No Offering Document. No official statement, prospectus, offering
17 circular or other offering statement containing material information with respect to
18 the City or the 2020 Note will be provided in connection with the issuance of the
19 2020 Note.
20

21 C. Paying Agent and Note Registrar. The City Treasurer is hereby
22 designated as the Paying Agent and Note Registrar for the 2020 Note in
23 accordance with the Master Subordinate Ordinance. The Note Registrar is
24 authorized, on behalf of the City, to authenticate and deliver the 2020 Note if
25 transferred or exchanged in accordance with the provisions of the 2020 Note and
26



1 this Supplemental Ordinance and to carry out all of the Note Registrar's powers
2 and duties under this Supplemental Ordinance.

3 D. Owner of the 2020 Note. The City and the Note Registrar may deem
4 and treat the Owner of the 2020 Note as the absolute owner for all purposes, and
5 neither the City nor the Note Registrar shall be affected by any notice to the
6 contrary. Payment of the 2020 Note shall be made only as described in
7 Subsection E below. All such payments made as described in Subsection E below
8 shall be valid and shall satisfy the liability of the City upon the 2020 Note to the
9 extent of the amount so paid.
10

11 E. Payment of Principal of and Interest on the 2020 Note. Both principal of
12 and interest on the 2020 Note shall be payable in lawful money of the United
13 States of America. Principal and interest on the 2020 Note shall be payable by
14 check, warrant, ACH transfer, or by other means mutually acceptable to the Owner
15 and the City. Upon final payment of principal and interest of the 2020 Note, the
16 Owner shall surrender the 2020 Note for cancellation at the office of the Note
17 Registrar.
18

19 ARTICLE IV 20

21 CREATION OF ACCOUNTS; APPLICATION OF 2020 NOTE PROCEEDS 22

23 Section 4.1. Creation of Accounts.

24 A. There is created in the Subordinate Construction Fund an account to be
25 known as the 2020 Note Subordinate Draw Account.
26



1 B. There is hereby created in the Bond Fund the following subaccounts
2 with respect to the 2020 Note:

- 3 1. the 2020 Note Interest Subaccount in the Interest Account;
- 4 2. the 2020 Note Principal Subaccount in the Principal Account;

5 and
6

7 3. the 2020 Note Bond Retirement Subaccount in the Bond
8 Retirement Account.

9 C. The City hereby determines that the 2020 Note shall not be secured
10 by the Reserve Account or any other debt service reserve account.

11
12 4.2 Deposit of Proceeds of the 2020 Note. Immediately upon receipt
13 thereof, the Paying Agent shall deposit the proceeds of all advances drawn by a
14 Designated Representative under the 2020 Note into the 2020 Note
15 Subordinate Draw Account, which amounts shall be used for any lawful
16 purposes for which such advances were made and the costs of issuance of the
17 2020 Note.
18

19 4.3 Deposits Into and Uses of the 2020 Subaccounts in the Bond Fund;
20 Pledge of Revenues. The City hereby obligates and binds itself irrevocably to
21 set aside and to pay into the 2020 Note Interest Subaccount, the 2020 Note
22 Principal Subaccount, and the 2020 Note Bond Retirement Subaccount,
23 respectively, out of the Revenues of the Electric System the amounts necessary
24 (together with other available moneys on hand therein) to pay the principal of,
25 interest on and any mandatory sinking fund redemptions for the 2020 Note as
26



1 and when the same respectively become due and payable in accordance with
2 the terms hereof and of the Purchase Agreement. The 2020 Note Interest
3 Subaccount, the 2020 Note Principal Subaccount, and the 2020 Note Bond
4 Retirement Subaccount, respectively, shall be drawn upon solely for the
5 purpose of paying the principal of, interest on and mandatory sinking fund
6 redemptions for the 2020 Note.
7

8 ARTICLE V

9 ADDITIONAL EVENTS OF DEFAULT

10 Section 5.1. Additional Events of Default. Any Event of Default set forth
11 in the Purchase Agreement and approved by a Designated Representative
12 pursuant to this Supplemental Ordinance shall constitute an Event of Default
13 under this Supplemental Ordinance.
14

15 ARTICLE VI

16 SALE OF THE 2020 NOTE;

17 ONGOING DISCLOSURE; ADDITIONAL COVENANTS

18 Section 6.1. Sale of the 2020 Note.

19 A. The City Council has determined that it would be in the best interest of
20 the City to delegate to the Designated Representatives, for a limited time, the
21 authority to approve the final terms of the 2020 Note subject to the provisions of
22 this Supplemental Ordinance.
23
24

25 Subject to the terms and conditions set forth in this Article VI, each
26 Designated Representative is hereby authorized (1) to approve the principal



1 amount, dated date, principal payment dates, interest payment dates,
2 mandatory and/or optional redemption, mandatory and/or optional tender for
3 purchase, the Maturity Date, and Interest Rate for the 2020 Note, (2) to
4 negotiate and approve any unused line of credit fee in the Purchase
5 Agreement, a structuring agent fee letter and fee with KeyBank Capital Markets,
6 terms in the Purchase Agreement for replacement and substitution of LIBOR,
7 and any additional terms and covenants with the Purchaser that are in the best
8 interest of the City and consistent with this Supplemental Ordinance, (3) to
9 approve and execute the Purchase Agreement, and (4) to execute the sale of
10 the 2020 Note to the Purchaser; provided that:
11
12

13 (a) The principal amount of the 2020 Note shall be in the amount of
14 not to exceed \$100,000,000 outstanding at any time;

15 (b) The final maturity of the 2020 Note is no later than the Maturity
16 Date;
17

18 (c) The Interest Rate on the 2020 Note does not exceed a variable
19 rate equal to the one-month LIBOR rate (subject to one-month LIBOR being a
20 minimum of 50 basis points) plus 175 basis points for funds used, and 35 basis
21 points for funds not drawn under the Purchase Agreement, as such terms may be
22 adjusted under the Note Purchase Agreement; provided, that the 2020 Note may
23 be subject to a default rate upon the occurrence and continuation of an Event of
24 Default as provided for in the Purchase Agreement; and
25
26



1 (d) The terms of the 2020 Note otherwise conform to the terms of the
2 Master Subordinate Ordinance and this Supplemental Ordinance.

3 Upon the passage and approval of this Supplemental Ordinance, the
4 proper officials of the City including the Designated Representatives, the Mayor,
5 the Treasurer, and Finance Director and the City Clerk are authorized and
6 directed to undertake all action necessary for the prompt execution and delivery
7 of the 2020 Note to the Purchaser and further to execute all closing certificates,
8 agreements, rate lock agreement, term sheet, structuring agent fee letter and
9 other documents required to effect the closing and delivery of the 2020 Note in
10 accordance with the terms of this Supplemental Ordinance.
11
12

13 Subject to the terms and conditions set forth in this Section 6.1, each
14 Designated Representative is hereby authorized to negotiate and approve the
15 terms of the Purchase Agreement in coordination with Bond Counsel, the
16 Municipal Advisor and the City Attorney's Office, to agree to any additional
17 terms and covenants that are in the best interest of the City and consistent with
18 this Supplemental Ordinance, and to execute and implement the Purchase
19 Agreement (including the payment of any financing costs associated with the
20 delivery of the Purchase Agreement from proceeds of the 2020 Note or
21 available funds of the Electric System), and such approval shall be conclusively
22 evidenced by his or her execution thereof.
23
24

25 The authority granted to the Designated Representatives by this section
26 shall expire on December 31, 2020. If the 2020 Note has not been issued and



1 the Purchase Agreement has not been executed by such date, the authorization
2 provided herein shall be rescinded, and the 2020 Note shall not be executed
3 and the 2020 Note shall not be delivered to the Purchaser unless such authority
4 has been re-authorized by ordinance of the City Council at the request of the
5 Board.
6

7 Section 6.2. No Ongoing Disclosure; Additional Covenants. The 2020 Note
8 is exempt from ongoing disclosure requirements of the Rule. The City may agree
9 to provide the Purchaser certain financial or other information and agree to such
10 covenants as determined to be necessary by a Designated Representative and as
11 set forth in the Purchase Agreement and approved by a Designated
12 Representative pursuant to this Article.
13

14 ARTICLE VII

15 MISCELLANEOUS

16
17 Section 7.1. Ratification of Prior Acts. Any action taken consistent with the
18 authority and prior to the effective date of this Supplemental Ordinance is ratified,
19 approved, and confirmed.

20 Section 7.2. Terms of 2020 Note Subject to the Master Subordinate
21 Ordinance; Ratification. Except as expressly provided herein, every term and
22 condition contained in the Master Subordinate Ordinance shall apply to this
23 Supplemental Ordinance and the 2020 Note with the same force and effect as if
24 the same were herein set forth at length, with such omissions, variations and
25
26



1 modification as may be appropriate to make the same conform to this
2 Supplemental Ordinance.

3 Except as supplemented and amended by this Supplemental Ordinance,
4 the Master Subordinate Ordinance is hereby ratified, approved and confirmed and
5 shall continue in full force and effect in accordance with its terms and provisions
6 thereof, as amended and supplemented.
7

8 Section 7.3. Provisions of Purchase Agreement. The terms and provisions
9 of the 2020 Note as set forth in the Purchase Agreement shall control over any
10 inconsistent provisions of this Supplemental Ordinance.
11

12 Section 7.4. Effective Date of Ordinance. This Supplemental Ordinance
13 shall take effect and be in force 10 days after its passage, approval and
14 publication as required by law.
15

16 Passed _____, 2020
17

18 _____
Mayor

19 Attest:
20

21 _____
City Clerk
22

23 Approved as to form and legality:
24

25 Pacifica Law Group LLP
Bond Counsel
26

By _____



EXHIBIT A

FORM OF 2020 NOTE

UNITED STATES OF AMERICA

R-1

Not to Exceed
\$

TRANSFER RESTRICTED

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION, THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN THE PURCHASE AGREEMENT DESCRIBED BELOW AND MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PROVIDED IN THE NOTE PURCHASE AGREEMENT.

STATE OF WASHINGTON

CITY OF TACOMA

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE,
SERIES 2020 (TAXABLE)

DATE OF ISSUANCE: _____
REGISTERED OWNER: _____
PRINCIPAL AMOUNT: NOT TO EXCEED _____ AND
NO 100/DOLLARS

The City of Tacoma, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the "City"), for value received, hereby promises to pay (but only out of the Revenues referred to below) to the Registered Owner named above or its registered successors and assigns, the principal amount hereof, together with unpaid accrued interest thereon, on the dates, at the rates and in the amounts as provided in the Note Ordinance (as hereinafter defined) and the Note Purchase Agreement dated as of _____, 20__, as it may be amended, supplemented, restated and/or replaced from time to time, the "Purchase Agreement"). The terms of the Purchase Agreement are hereby incorporated into this note as if fully set forth herein.



1 This note evidences a revolving line of credit and is issued pursuant to
2 Ordinance No. 28295 adopted on April 21, 2015 (the "Master Subordinate
3 Ordinance"), as amended and supplemented from time to time, including as
4 supplemented by Ordinance No. _____ adopted on _____, 2020
5 (collectively, the "Note Ordinance"), providing for the issuance of the Bonds (as
6 defined herein), including this note. Interest on this note shall be calculated on
7 the basis of actual days elapsed in a 360 day year consisting of 12 30-day
8 months. Capitalized terms not otherwise defined herein shall have the
9 meanings set forth in the Note Ordinance and the Purchase Agreement, as
10 applicable.

11 Payments shall be made solely from Revenues, after payment of
12 Operating Expenses and required payments with respect to the Senior Bonds,
13 to the Registered Owner stated above by the Paying Agent without the
14 necessity of presentation and surrender of this note. This note is one of a duly
15 authorized issue of Electric System Subordinate Revenue Bonds of the City
16 (hereinafter called the "Bonds") of the series and designation indicated on the
17 face hereof. The authorized issue of Bonds is not limited in aggregate principal
18 amount and consists of multiple series and subseries of varying denominations,
19 dates, maturities, interest rates and other provisions, as provided in the Master
20 Subordinate Ordinance, all issued and to be issued pursuant to the provisions
21 of the Charter of the City and all laws of the State of Washington (the "State")
22 (referred to as the "Act").

23 Reference is hereby made to the Master Subordinate Ordinance and to
24 the Act for a description of the terms on which the Bonds are issued and may
25 be issued, the provisions with regard to the nature and extent of the Revenues,
26 and the rights of the registered owners of the Bonds.

27 All the terms of the Note Ordinance and the Act are hereby incorporated
28 herein and made a contract between the City and the Registered Owner from
29 time to time of this note, and to all the provisions thereof the Registered Owner
30 of this note, by its acceptance hereof, consents and agrees. Additional series
31 and subseries of Bonds may be issued on a parity with this note, but only
32 subject to the conditions and limitations contained in the Master Subordinate
33 Ordinance.

34 This note is subject to mandatory redemption and mandatory tender as
35 provided in the Note Ordinance and the Note Purchase Agreement.

36 This note, including the interest hereon, together with all other Bonds,
and the interest thereon, issued under the Master Subordinate Ordinance (and
to the extent set forth in the Master Subordinate Ordinance), is payable from,
and is secured by a charge and lien on, the Revenues, after payment of



1 Operating Expenses and required payments with respect to the Senior Bonds,
2 derived by the City from the Electric System.

3 The Bonds are special obligations of the City, and are payable, both as
4 to principal and interest, out of the Revenues, after payment of Operating
5 Expenses and required payments with respect to the Senior Bonds, pertaining
6 to the Electric System and the moneys in the Funds and Accounts provided in
7 the Master Subordinate Ordinance, subject to the prior payment of principal of
and interest on the Senior Bonds, and not out of any other fund or moneys of
the City. No holder of this note shall ever have the right to compel any exercise
of the taxing power of the City to pay this note or the interest hereon.

8 This note is transferable by the Registered Owner hereof, but only in the
9 manner and subject to the limitations provided in the Note Ordinance and the
10 Note Purchase Agreement, as applicable. Upon such transfer a new fully
11 registered note for the same aggregate principal amount will be issued to the
transferee in exchange therefor.

12 THIS NOTE IS A SPECIAL AND LIMITED OBLIGATION OF THE CITY
13 PAYABLE ONLY FROM THE SOURCES IDENTIFIED HEREIN, IN THE NOTE
14 PURCHASE AGREEMENT AND IN THE NOTE ORDINANCE AND IS NOT A
15 GENERAL OBLIGATION OF THE CITY, PIERCE COUNTY, THE STATE OR
16 ANY OTHER POLITICAL SUBDIVISION THEREOF. THIS NOTE DOES NOT
17 CONSTITUTE A CHARGE UPON ANY GENERAL FUND OR UPON ANY
MONEY OR OTHER PROPERTY OF THE CITY, PIERCE COUNTY, THE
STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF NOT
SPECIFICALLY PLEDGED THERETO BY THE NOTE ORDINANCE.

18 The rights and obligations of the City and of the registered owners from
19 time to time of the Bonds may be modified or amended at any time in the
20 manner, to the extent, and upon the terms provided in the Master Subordinate
Ordinance.

21 It is hereby certified and recited that any and all acts, conditions and
22 things required to exist, to happen and to be performed, precedent to and in the
23 incurring of the indebtedness evidenced by this note, and in the issuing of this
24 note, do exist, have happened and have been performed in due time, form and
25 manner, as required by the Constitution and statutes of the State and the
26 Charter of the City, and that this note, together with all other indebtedness of
the City pertaining to the Electric System, is within every debt limitation and
other limit prescribed by the Constitution and statutes of the State and said
Charter, and is not in excess of the amount of Bonds permitted to be issued
under the Master Subordinate Ordinance.



1 This note shall not be entitled to any benefit under the Note Ordinance,
2 or become valid or obligatory for any purpose, until the certificate of
3 authentication hereon endorsed shall have been signed by the Paying Agent
and Note Registrar. This note is a valid and binding obligation of City.

4 In the event of any inconsistency between the terms and provisions of
5 the Note Ordinance and this note, the terms and provisions of the Note
Ordinance shall control.

6 IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused
7 this note to be executed by the manual or facsimile signature of the Mayor of
8 the City Council and attested by the manual or facsimile signature of the Clerk,
as of the date of this note, _____, 2020.

10 CITY OF TACOMA,
11 WASHINGTON

12 By _____
13 Mayor

14 ATTEST:

15 _____
16 Clerk of the City

17 **CERTIFICATE OF AUTHENTICATION**

18 This is the note described in the within-mentioned Note Ordinance.

19 Date of Authentication: _____, 2020.

21 _____
22 City Treasurer, City of Tacoma

23 **CERTIFICATE OF REGISTRATION**

24 This note is registered in the name of the Registered Owner on the
25 books of the City, in the office of the Treasurer of the City, as Note Registrar
and Paying Agent, as to both principal and interest, as noted in the registration
26 blank below. All payments of principal of and interest on this note shall be
made by the City as provided in the Note Ordinance.



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Date of
Registration

Name and Address of
Registered Owner

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ (Name, address, and Taxpayer Identification Number of Assignee) this note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said note on the books of the City with full power of substitution in the premises.

Dated: _____

Signature(s) Guaranteed

(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this note, in every particular, without alteration or enlargement or any change whatsoever.