

Tacoma Rail Strategic Plan 2022-2026



TACOMA RAIL
TACOMA PUBLIC UTILITIES

Our Mission



Tacoma Rail's employees work safely to provide reliable and environmentally sound services that are vital to our customers and community.

Our Relationship to Stakeholders



Oversight

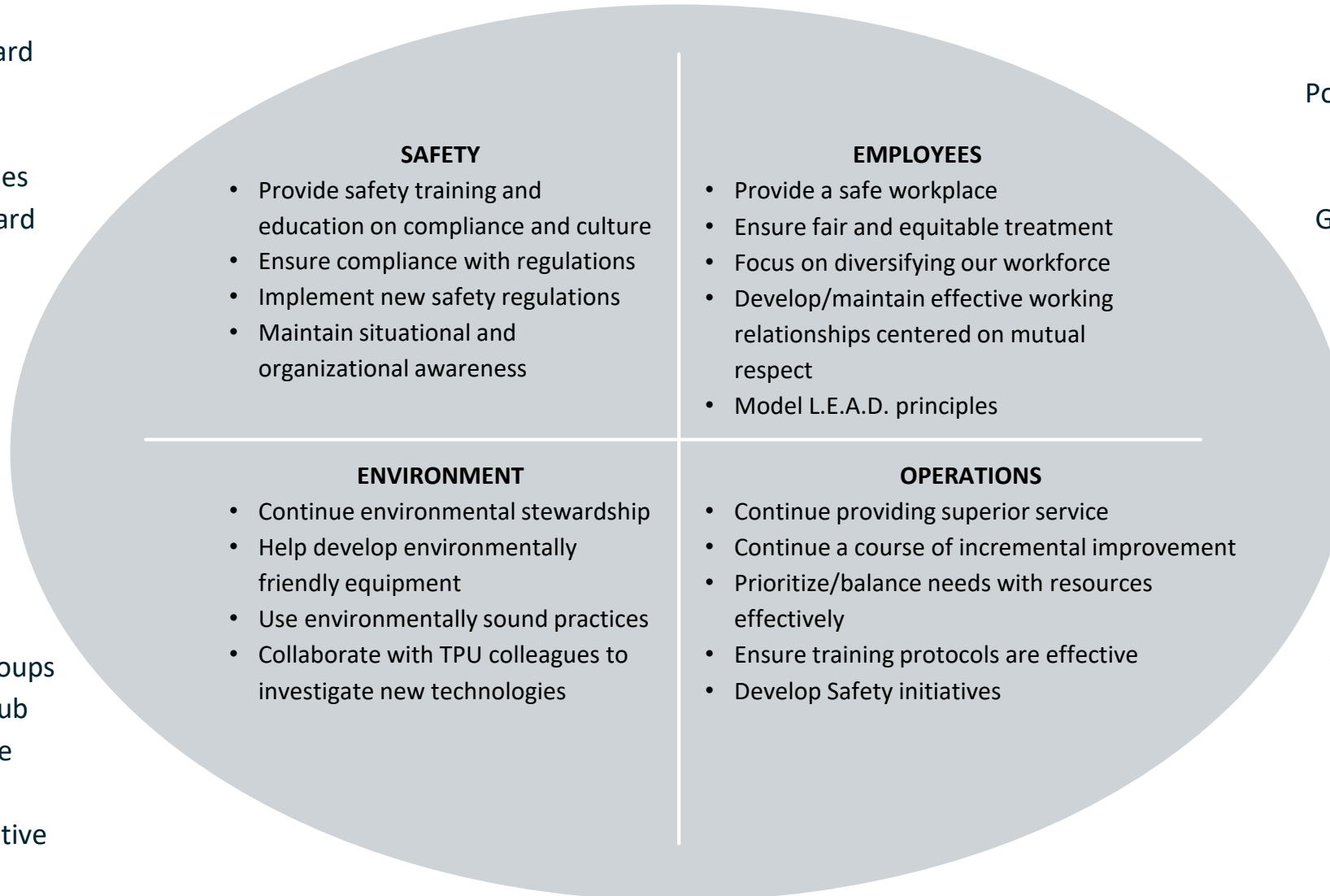
Tacoma Public Utilities Board
TPU Director
Tacoma City Council
Various Regulatory Agencies
Surface Transportation Board

Customers

Class I railroads
Port of Tacoma, NWSA
TMBL customers
TRMW customers
General Government

Affiliations

ASLRRA
Shipper Associations and Groups
Tacoma Transportation Club
Short Line Safety Institute
WA Operation Lifesaver
Western Clean Air Collaborative



People

Employees
Supervisors & Managers
Senior Leadership Team

Plan Development

Stakeholder Interviews

- Customers
- Port of Tacoma
- Northwest Seaport Alliance
- Puyallup Tribe
- Mayor Woodards
- TPU Board leadership



Employee Interviews

- Senior leadership team
- Front line managers
- Union leaders
- Other employees

SWOT Analysis



Strengths

- Employees
- Customer service satisfaction
- Class I railroad partners
- Fiscally responsible performance
- Sustained investment

Opportunities

- Continue improvements in safety
- Reduce costs imposed by others to enhance competitiveness
- Partner with Puyallup Tribe
- Grow domestic intermodal business (SIM Yard)
- Show environmental leadership
- Grow locomotive servicing business
- Investigate opportunities to operate UP Fife Yard
- Establish Volume Investment Fund

Weaknesses

- Inconsistent communication and lack of internal trust
- Reliance on others for property and business development opportunities/volumes
- Inaccurate perception that our rates are a barrier to competition

Threats

- Failure to improve internal relationships
- Inconsistent coordination with Port and NWSA
- Lack of developable land
- Port of Vancouver/Port of Prince Rupert
- West Coast Ports/U. S.

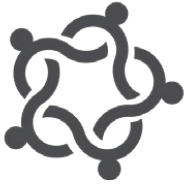
Areas of Strategic Focus

- Diversity, Equity, and Inclusion
 - Employee relations
- Stakeholder engagement
 - Customer service and resource planning
 - Reliability and resiliency
- Financial stability and rates
- Growth and economic opportunities
- Environmental leadership
 - Innovation
- Government relations



Our objectives

SD1
Equity and
Inclusion



SD12
Employee
Relations

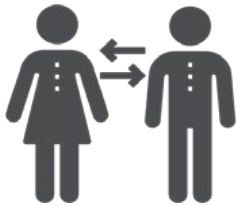


- Ensure a safe, productive work environment for all employees
- Find ways to further diversify our workforce to more closely mirror Tacoma's demographics
- Foster an environment of mutual respect
- Address employees' perception of unfair treatment, lack of respect or that their frustrations are not heard or acknowledged.



Stakeholder Engagement

SD4
Stakeholder
Engagement



- Regularly engage with TPU, City of Tacoma, and enhance engagement with the Puyallup Tribe, and other stakeholders.
- Enhance community understanding of our operations, programs, and services.
- Interact with local, state, and federal governments and regulatory agencies.
- Remain involved with community activities and organizations.



Customer Service & Resource Planning

Maintain active engagement:

- Regularly communicate with customers to ensure we provide the highest level of customer service.
- Conduct customer surveys and track trends to determine their views on service and provide the results to TPU leadership, railroad employees, and customers.
- Implement improvements to service offerings in areas where customers have identified deficiencies.
- Anticipate long-term planning of rail services that meet or exceed customer needs.

SD13 Customer Service



SD14 Resource Planning



Reliability & Resiliency

SD7
Reliability and
Resiliency



- Provide safe, reliable services.
- Deliver intermodal trains at least 95% on-time and commercial cars at least 85% on-time.
- Ensure compliance with applicable safety regulations.
- Maintain Oil Spill Contingency Plan and other emergency response procedures, in collaboration with stakeholders.
- Develop and implement programs and protocols emphasizing safety culture among all employees.



Financial Stability & Rates

SD2 Financial Stability



- Continue to provide safe and reliable rail services by maintaining a sustainable budget, financial and asset management practices.
- Ensure rates are adequate, competitive, and reasonable.
- Establish rates based on cost-of-service analysis.
- Provide fair treatment to all customers on rates and services.
- Meet budget projections and goals.
- Maintain required amount of cash on hand.
- Show that some costs are added and not within our control.
- Establish a Volume Investment Fund.

SD3 Rates



Growth & Economic Opportunities



- Coordinate with TPU partners on economic development opportunities.
- Coordinate with the Port and NWSA to attract industries that use rail services.
- Work with regional economic development organizations
- Grow our domestic and international intermodal business
- Provide additional service to Auto Warehousing Company
- Pursue domestic automotive intermodal traffic
- Anticipate ways to evolve our locomotive servicing offerings to our Class I partners

SD9
Economic
Development/
Undergrounding



Environmental Leadership/Innovation



SD5 Environmental Leadership



- Tacoma Climate Action Plan Objectives
 - Identify ways to accelerate the decarbonization of Rail's locomotive fleet.
 - Work with TPU Fleet to modernize passenger vehicles.

SD11 Decarbonization/ Electric Vehicles



- Align environmental objectives with & participate in:
 - Tacoma 2025 Shared Vision/Shared Future Environmental Sustainability Program.
 - TPU environmental leadership activities and programs.
 - Northwest Ports Clean Air Strategy – 2020.
 - Western Clean Rail Collaborative

Environmental Leadership / Innovation Narrative



Ensure Rail remains a vigilant steward of the environment.

SD5
Environmental
Leadership



SD11
Decarbonization/
Electric Vehicles



- Develop and implement strategies to reduce emissions, advance sustainability practices, engage in environmental preservation & protection, and promote climate resilience through these initiatives:
 - Achieve annual goals in the Resource Conservation & Climate Plans (RCCP).
 - Coordinate with the BNSF and UP to understand their research and plans to deploy alternate fuel locomotives; use the information to anticipate necessary facility adaptations and evolve/expand service offerings.
- Mitigate environmental impacts by engaging with the U.S. EPA and Washington State Department of Ecology.
- Adjust and refine our Oil Spill Contingency Plan to match regulatory requirements and business patterns. Drill to enhance skills and responses to real-world scenarios.

SD6
Innovation



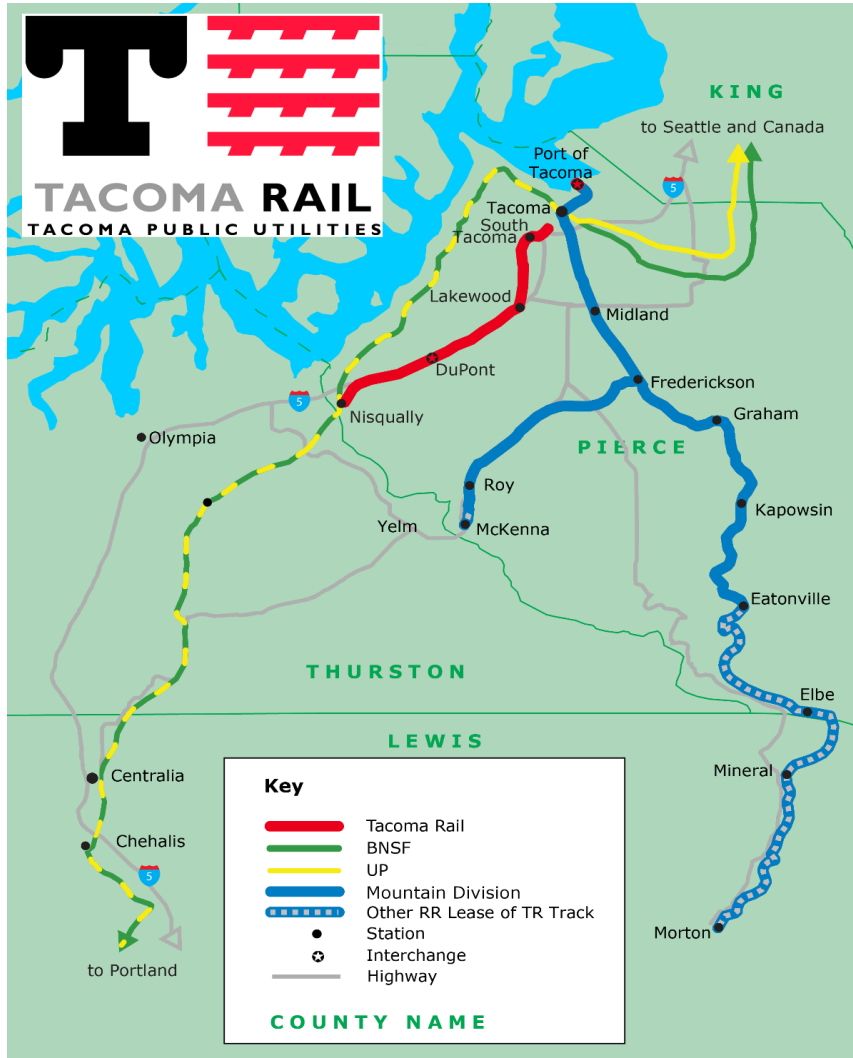
- Identify barriers to innovation and develop strategies to overcome challenges.
 - Seek grants from federal and state sources to fund new technologies.
- Improve processes, services and communication tools.
- Adopt new technologies and equipment to serve customers and manage assets.

SD10
Government
Relations



- Maintain effective working relationships with federal, state and local officials and agencies.
- Build and strengthen respectful and mutually-productive relationships with the Puyallup Tribe.
- Coordinate with TPU government relations to ensure consistent reports to government entities.
- Report significant policy or regulatory initiatives that could affect Tacoma Rail at the federal, state, and local levels to TPU leadership (e.g. crew size mandate).

Mountain Division: TRMW



- We operate on behalf of Public Works pursuant to an Operating Agreement approved in 2011.
- Revenues and expenditures accrue on a separate ledger tied to the Dept. of Public Works (Fund 4120).
- Rail wouldn't support a proposal that ownership be transferred to TPU.
- Any further divestment would not impact Rail's operations on the South Tacoma line or result in a reduction of staff.

Implementation Plan

- ✓ Get buy-in/guidance from the Tacoma Public Utility Board.
- ✓ Ensure alignment with our employees.
- Present for TPU Board comments and approval.
- Share with stakeholders.
- Develop action plan with prioritized opportunities.
 - Consistent with Director's work plan.
 - Incorporate into Business Unit Goals.
- Adjust as needed over initial five years.
- Report on outcomes of each element.
 - Strategic Directives updates.
 - Business Unit Goals performance.