

Tacoma Rail Strategic Plan Development Overview

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TACOMA RAIL
TACOMA PUBLIC UTILITIES

Mission Statement



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

Organizational Relationship to Stakeholders

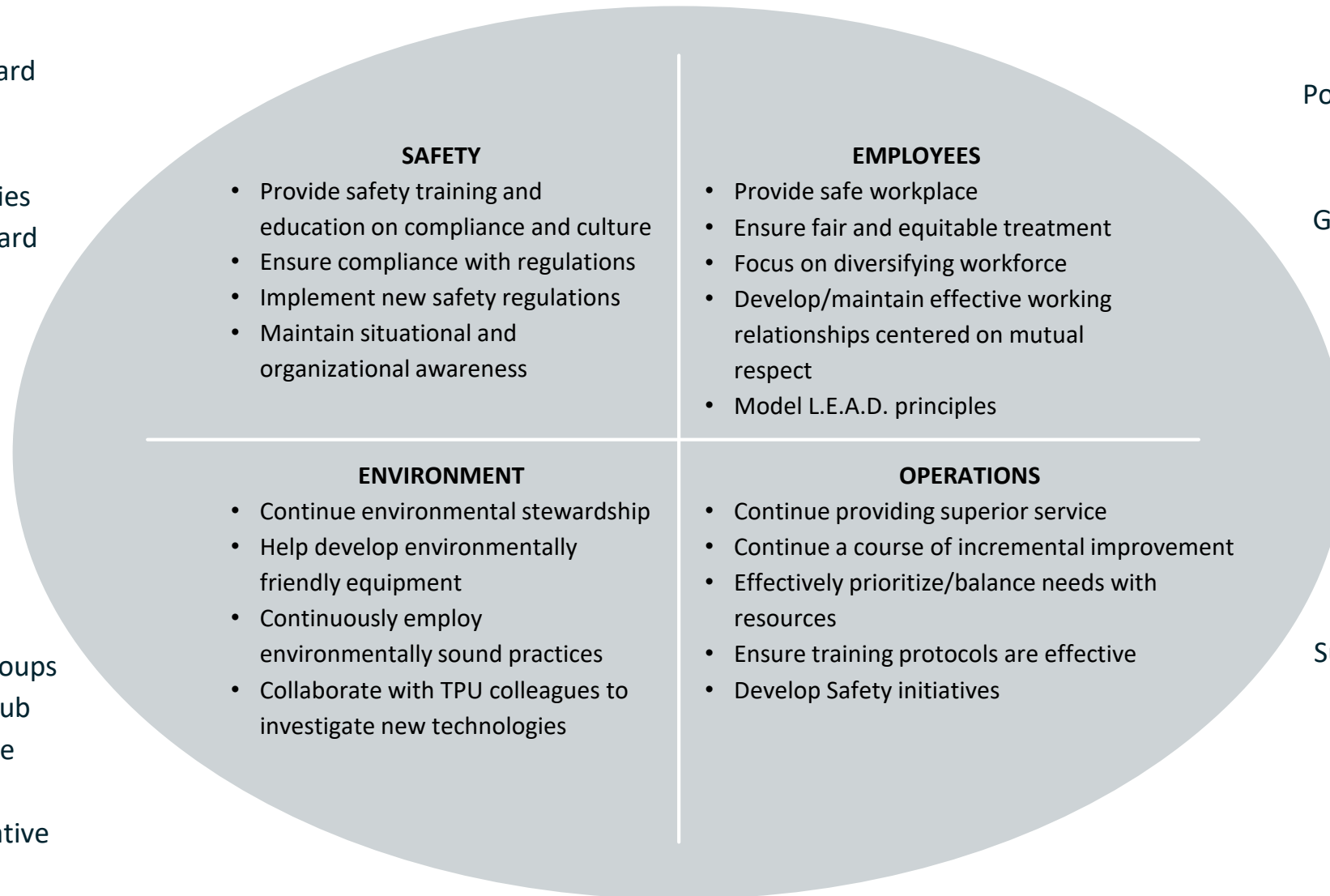


Tacoma Rail Oversight

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

Affiliations

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



Customers

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

People

Employees
Supervisors and Managers
Senior Leadership Team

Interviews

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

Employee Participation

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

Deliverables

- Enhancing strengths
- Achieving opportunities
- Addressing weaknesses
- Alleviating threats

SWOT Analysis



Strengths

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

Opportunities

- Continued improvements in safety
- Reduce costs imposed by others to enhance competitiveness
- Partnership with Puyallup Tribe
- SIM Yard – Grow domestic intermodal business
- 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

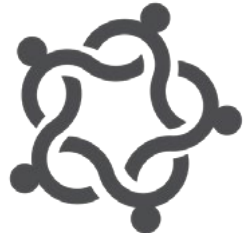
- Failure to improve internal relationships
- Inconsistent coordination with Port and NWSA
- Lack of developable land
- Port of Vancouver / Port of Prince Rupert
- West Coast Ports / U. S.

Strategic Focus & Objectives



- **Equity and inclusion, diversity, and employee relations (SD's 1, 12)**
- **Financial stability and rates (SD's 2, 3)**
- **Stakeholder engagement (SD 4)**
- **Environmental leadership (SD's 5, 6)**
- **Innovation (SD 11)**
- **Reliability and resiliency (SD 7)**
- **Economic development (SD 9)**
- **Government relations (SD 10)**
- **Customer service and resource planning (SD 13, 14)**

SD1
Equity and
Inclusion



SD12
Employee
Relations



- Enhance and strengthen our Fair and Equitable, Safety and Communications Committees.
- Foster mutual respect
- Adopt suggestions from Employee Surveys
- Ensure fair and equitable treatment for all employees
- Establish internship program to recruit and train women and minorities, and provide training for rail industry employment
- Ensure a safe, productive work environment for all employees
- Recognize employees' efforts and achievements to help ensure they feel valued

Financial Stability & Rates

SD2 Financial Stability



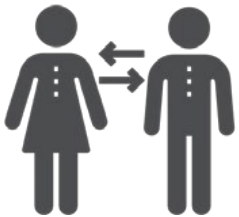
- Continue to provide safe and reliable rail services by maintaining sustainable budget, financial, and asset management practices
- Ensure rates are adequate, competitive, and reasonable
- Establish rates based on cost of service
- Provide fair treatment to all customers on rates and services
- Meet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

SD3 Rates



Stakeholder Engagement

SD4
Stakeholder
Engagement



- Maintain active engagement with customers to ensure their needs are met – improve service as needed
- Regularly engage with TPU, City of Tacoma, and enhance engagement with 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
- Maintain high customer satisfaction with services

Environmental Leadership

SD5
Environmental
Leadership



SD11
Decarbonization/
Electric Vehicles



- Continue leadership in environmental initiatives
- Align environmental policies and procedures with and participate in:
 - Tacoma 2025 Shared Vision/Shared Future Environmental Sustainability Program
 - Tacoma Community Climate Action Plan
 - TPU’s environmental leadership activities and programs
 - Northwest Ports Clean Air Strategy 2020
- Mitigate environmental impacts
- Work with the U.S. EPA and Washington State Department of Ecology on environmental improvements

SD6
Innovation



- Identify barriers to innovation
- Remain committed to decarbonizing operations and transitioning to electrified transportation as much as economically and operationally feasible
- Seek grants from federal and state sources to fund new technologies
- Improve processes and services
- Adopt new technologies and infrastructure to serve customers and manage assets

Reliability and Resiliency

SD7
Reliability and
Resiliency



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

SD9
Economic
Development/
Undergrounding



- Participate and coordinate with TPU partners on economic development opportunities
- Develop meaningful partnership with the Puyallup Tribe
- Grow the intermodal business
- Grow the commercial business
- Coordinate with the Port and NWSA on attracting industries that use rail services
- Work with economic development organizations such as:
 - Chambers of Commerce
 - Tacoma Economic Development
 - Pierce County Economic Development
 - Washington Department of Commerce
 - Private developers



- 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 government relations at TPU to ensure consistent reports to government entities
- Monitor local, state, and federal funding opportunities and apply for grants and loans
- Ensure compliance with safety, environmental, and other rules and regulations and timely submit all required reports and filings
- Report significant policy or regulatory initiatives that could affect Tacoma Rail at the federal, state, and local levels to TPU

Customer Service & Resource Planning

SD13
Customer
Service



SD14
Resource
Planning



- Provide highest level of customer service to ensure positive customer experiences
- Regularly communicate and interact with customers
- Conduct customer surveys to determine their views on service and provide the results to TPU, railroad employees, and customers
- Engage in improvements to service in areas where customers have identified deficiencies
- Anticipate long-term planning of rail services that meet or exceed customer needs
- Develop hypothetical rail service futures; update plan every two years
- Prepare annual reports to TPU of anticipated changes in resource planning, issues, and opportunities

Mountain Division: TRMW



- Weyerhaeuser gifted a portion of the rail line to the City of Tacoma in 1990 and the City purchased the remainder in 1995, assigning ownership of the rail line to the Public Works Department
- Tacoma Rail currently operates on behalf of the Public Works Department Pursuant to an Operating Agreement approved in 2011
- Revenues and expenditures accrue on a separate ledger tied to the Public Works Department
- The TRMW rail line is encumbered by multiple grants from federal and state agencies
- Although not currently being proposed, Rail staff would not support a recommendation that ownership be transferred to TPU, and will prepare a Mountain Division specific presentation for the TPU Board in 2022

Next steps:

- Ensure alignment by all Tacoma Rail employees
- Buy-in/guidance by the Tacoma Public Utility Board
- Share with stakeholders
- Prioritize opportunities
- Assign who has the responsibility for each element
- Establish deliverables for each element of the plan
- Set clear measurements
- Adjust as needed during the five-year period
- Report on outcomes of each element