



## RESOLUTION NO. U-11339

1 A RESOLUTION authorizing Tacoma Water to enter into a water supply  
2 agreement with WestRock.

3 WHEREAS the City of Tacoma, Department of Public Utilities, Water  
4 Division (d.b.a. "Tacoma Water") has proposed a new Water Supply Agreement  
5 with WestRock, and

6 WHEREAS on January 1, 2006, Simpson Tacoma Kraft Company, LLC,  
7 a limited liability company organized under the laws of the state of Washington  
8 ("STKC") and Tacoma entered into a Water Supply Agreement, wherein  
9 Tacoma agreed to sell and STKC agreed to purchase a water supply from  
10 Tacoma for certain SKTC industrial operations, and

11 WHEREAS the 2006 Agreement was amended on July 22, 2015, and  
12 July 30, 2020 ("2006 Amended Agreement"), and

13 WHEREAS WestRock is KSTC's successor in interest and under the  
14 2006 Amended Agreement has guaranteed the payment obligations, and

15 WHEREAS in July 2020, the final five-year optional extension period was  
16 amended to a one-year extension with up to four additional one-year extensions  
17 through Public Utility Board Resolution No. U-11176 and Tacoma City Council  
18 Ordinance No. 28683, with a one-year extension running through July 31, 2021,  
19 and with options to extend for up to four additional one-year periods going out  
20 to a maximum duration of July 31, 2025, and  
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1 WHEREAS the expectation was that WestRock and Tacoma would  
2 extend the 2006 Amended Agreement for each of the four additional one-year  
3 extensions upon mutual agreement of the parties out to the maximum extension  
4 date of July 31, 2025, and

5 WHEREAS WestRock has continued its use of water as provided for in  
6 the 2006 Amended Agreement and has paid the bills it has received from  
7 Tacoma, which has billed WestRock at the rate set forth in TMC 12.10.400(E)  
8 for the Pulp Mill Contract, and

9 WHEREAS through an administrative oversight, the extension of the  
10 2006 Amended Agreement was not completed by August 1, 2021, and  
11 therefore, the proposed new Water Supply Agreement will confirm and  
12 reestablish the term and conditions of the 2006 Amended Agreement before the  
13 City's 2023-2024 biannual budget and rates are adopted, with the intent that the  
14 proposed Water Supply Agreement will be the basis of the 2023-2024 Pulp Mill  
15 Contract rate set forth in TMC 12.10.400(E), and

16 WHEREAS, Tacoma Water is requesting that the Director be authorized  
17 to sign the Water Supply Agreement if it is approved by the Board and City  
18 Council, with the provision that any potential extensions would be brought to the  
19 Board for approval, and

20 WHEREAS the effective date of proposed Agreement will begin after  
21 approval by the Board and City Council and signature of the Director of Public  
22 Utilities and will go through July 31, 2023, with the potential of additional one  
23 year extensions with a final ending date limited to no later than July 31, 2025,  
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which is the same final end date as was in the 2006 Amended Agreement;

Now, therefore,

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

That the proposed Water Supply Agreement between Tacoma Water and WestRock, is hereby approved, and the Tacoma City Council is requested to concur in the approval, require that any future extensions of this Water Supply Agreement be brought to the Public Utility Board, and authorize the Director of Utilities to execute said agreement substantially in the form as that on file with the Clerk of the Board and as approved by the City Attorney.

Approved as to form:

_____	_____
<i>/s/</i>	Chair
Chief Deputy City Attorney	Secretary
_____	Adopted _____
Clerk	

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## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** Scott Dewhirst, Water Superintendent  
**MEETING DATE:** August 24, 2022  
**DATE:** August 15, 2022

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### **STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):**

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- |  |   |
|--|---|
| <input type="checkbox"/> SD1 – Equity & Inclusion                  | <input type="checkbox"/> SD8 – Telecom                            |
| <input checked="" type="checkbox"/> SD2 – Financial Sustainability | <input type="checkbox"/> SD9 – Economic Development               |
| <input checked="" type="checkbox"/> SD3 – Rates                    | <input type="checkbox"/> SD10 – Government Relations              |
| <input type="checkbox"/> SD4 – Stakeholder Engagement              | <input type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input type="checkbox"/> SD5 – Environmental Leadership            | <input type="checkbox"/> SD12 – Employee Relations                |
| <input type="checkbox"/> SD6 – Innovation                          | <input type="checkbox"/> SD13 – Customer Service                  |
| <input type="checkbox"/> SD7 – Reliability & Resiliency            | <input type="checkbox"/> SD14 – Resource Planning                 |

**SUMMARY:** Approve a proposed Water Supply Agreement with WestRock that will be the basis of WestRock's contract water rates from January 1, 2023 through July 31, 2025. The proposed Water Supply Agreement has the same terms and conditions as a previous agreement approved by the Board and the City Council in July 2020.

**BACKGROUND:** On January 1, 2006, Simpson Tacoma Kraft Company, LLC, a limited liability company organized under the laws of the state of Washington ("STKC") and Tacoma entered into a Water Supply Agreement, wherein Tacoma agreed to sell and STKC agreed to purchase a water supply from Tacoma for certain STKC industrial operations. The 2006 Agreement was amended on July 22, 2015, and July 30, 2020 (the "2006 Amended Agreement"). WestRock is STKC's successor in interest in and under the 2006 Amended Agreement and has guaranteed the payment obligations under the 2006 Amended Agreement. In July of 2020, the final five-year optional extension period was amended to a one-year extension with up to four additional one-year extensions through Public Utility Board (Resolution No. U- 11176) and the Tacoma City Council (Ordinance No. 28683) with the one-year extension running through July 31, 2021, and with options to extend for up to four additional one-year periods going out to a maximum duration of July 31, 2025.

The expectation was that WestRock and Tacoma would extend the 2006 Amended Agreement for each of the four additional one-year extensions upon mutual agreement of the Parties. WestRock has continued its use of water as provided for in the 2006 Amended Agreement and has paid the bills it has received from Tacoma which has billed WestRock at the rate set forth in TMC 12.10.400(E) for the Pulp Mill Contract. Through an administrative oversight the extension of the 2006 Amended Agreement was not completed by August 1, 2021, and, therefore, the proposal is to confirm and reestablish the terms and conditions of the 2006 Amended Agreement in the proposed Agreement, and to have the proposed Agreement in place before the City's 2023-2024 biannual budget and rates are adopted.



## Board Action Memorandum

The term of the proposed Agreement would be from the Effective Date to July 31, 2023, with an option for two one-year extensions which would allow the proposed Agreement to go to a potential ending date of July 31, 2025, which is the same potential ending date as was in the 2006 Amended Agreement.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes**

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED. NA**

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No**

**ATTACHMENTS:** List any attachments (contracts, policies, agreements, etc.).

**CONTACT:**

Primary Contact: Scott Dewhirst, Water Superintendent, 253-502-8246

Supervisor's Name: Jackie Flowers

Presenter (if different from primary contact):

Additional staff requiring a Zoom presentation link:

## 2022 WESTROCK WATER SUPPLY AGREEMENT

This contract confirms and extends a **WATER SUPPLY AGREEMENT** ("Agreement") by and between **WESTROCK CP, LLC**, a Delaware limited liability company ("WestRock"), and the **CITY OF TACOMA**, a first-class charter city of the state of Washington for and on behalf of its Department of Public Utilities, Water Division ("Tacoma"). WestRock and Tacoma are individually referred to in this Agreement as a "Party" and are collectively referred to in this Agreement as the "Parties." This Agreement is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2022 ("Effective Date"), and is made with reference to the following facts:

WHEREAS, on January 1, 2006, Simpson Tacoma Kraft Company, LLC, a limited liability company organized under the laws of the state of Washington ("STKC") and Tacoma entered into a Water Supply Agreement, wherein Tacoma agreed to sell and STKC agreed to purchase a water supply from Tacoma for certain STKC industrial operations (the "2006 Agreement"); and

WHEREAS, the 2006 Agreement was amended on July 22, 2015, and July 30, 2020 (the "2006 Amended Agreement"); and

WHEREAS, WestRock is STKC's successor in interest in and under the 2006 Amended Agreement and has guaranteed the payment obligations under the 2006 Amended Agreement; and

WHEREAS, due to business challenges and the economic uncertainty caused by the COVID-19 pandemic, and WestRock's interest in evaluating other supply options, the Parties agreed in July of 2020, that the final five-year optional extension period should be amended to be a one-year extension with up to four additional one-year extensions; and

WHEREAS, the requested change from a final five-year optional extension period to a one-year extension with up to four additional one-year extensions was approved by the Public Utility Board (Resolution No. U- 11176) and the Tacoma City Council (Ordinance No. 28683) with the one-year extension running through July 31, 2021, and with options to extend for up to four additional one-year periods going out to a maximum duration of July 31, 2025; and

WHEREAS, the Parties intended that WestRock and Tacoma would extend the 2006 Amended Agreement for each of the four additional one-year extensions upon mutual agreement of the Parties; and

WHEREAS, WestRock has continued its use of water as provided for in the 2006 Amended Agreement and has paid the bills it has received from Tacoma which has billed WestRock at the rate set forth in TMC 12.10.400(E) for the Pulp Mill Contract; and

WHEREAS, through an administrative oversight the extension of the 2006 Amended Agreement was not completed by August 1, 2021, and, therefore, the Parties intend to confirm

and reestablish the terms and conditions of the 2006 Amended Agreement in this Agreement and to have this Agreement in place before the City's 2023-2024 biannual budget and rates are adopted; and

WHEREAS, the Parties desire to have the term of this Agreement be from the Effective Date to July 31, 2023 with an option for two one-year extensions which would allow this Agreement to go to a potential ending date of July 31, 2025, which is the same potential ending date as was in the 2006 Amended Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and conditions herein contained, the Parties agree as follows:

1. Except for Section 9, the terms and conditions of the 2006 Amended Agreement as set forth in Attachment A are incorporated into this Agreement.
2. Section 9 of the 2006 Amended Agreement is replaced in its entirety as follows:  
 The term of this Agreement shall commence on the Effective Date of this Agreement as set forth above and end on the 31st day of July, 2023, except as otherwise provided in the termination provisions set forth in sections 6, 11, 13 and 14 of the 2006 Amended Agreement. On or before the anniversary of an expiration date, the term of this Agreement may be extended by mutual agreement of the parties for an additional one (1) year term. If WestRock intends to request extension of this Agreement it shall give advanced written notice to Tacoma, and if so extended, such one (1) year extension shall be set forth in a written amendment to this Agreement in accordance with the process set forth in the approval of this Agreement by the Tacoma City Council. In no event, however, shall the term of this Agreement be extended beyond July 31, 2025.

The Parties have caused this Agreement to be executed and effective as of the Effective Date.

**WESTROCK CP, LLC**

DocuSigned by:  
 By: Denise Singleton  
 Print Name: Denise Singleton  
 Print Title: EVP, General Counsel & Secy

**Approved as to form:**

DocuSigned by:  
 By: Robert C. Marshall  
 Print Name: Robert C. Marshall  
 Print Title: Senior Counsel

**CITY OF TACOMA:  
 Department of Public Utilities**

By: \_\_\_\_\_  
 Print Name: Jackie Flowers  
 Print Title: Director of Utilities

**Approved as to form:**

By: \_\_\_\_\_  
 Print Name: Tom Morrill  
 Print Title: Chief Deputy City Attorney