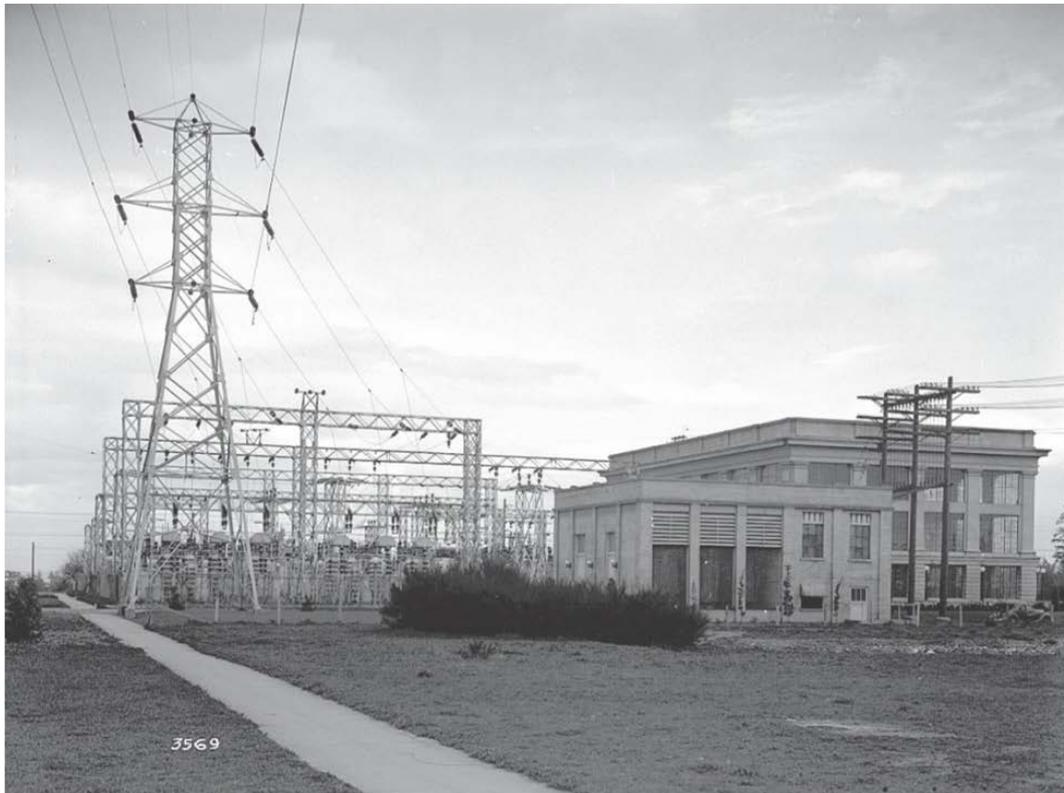


Cushman & Adams Substations MOU

March 28, 2018



Cushman & Adams Substations – April, 1937

Joint Staff Task Force

- Terry Coggins, Tacoma Power
- Ward Groves, Legal
- Jennifer Hines, Real Property Services
- Peter Huffman, Planning & Development Services
- Clark Mather, TPU
- Tom Morrill, Legal
- Terry Ryan, Tacoma Power
- Steve Victor, Legal
- Joe Wilson, Tacoma Power

Overview of Properties



Background

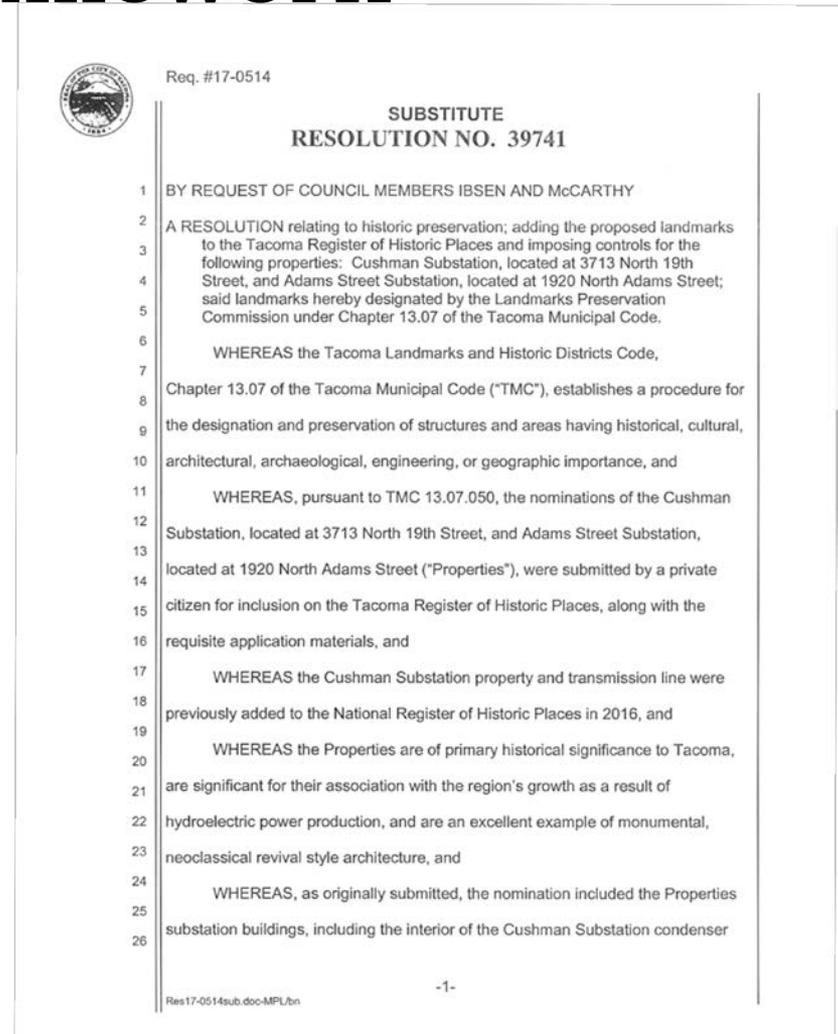
- **Adams substation declared surplus to utility operations in 2009**
- **Cushman Substation still connected to electrical system – used for large equipment storage and repair using crane**
- **Cushman substation and transmission line added to National Register of Historic Places in 2016**
- **2017 Tacoma Power signed Henderson Bay Memorandum of Agreement (MOA)**
 - **Refurbish main door on the south side of Cushman Substation**
 - **Refurbish historic outdoor light fixtures outside Cushman Substation**
 - **Pursue national register listing for Adams Substation**
- **North 21st Street transmission line replacement project scheduled to be completed in 2018 – would disconnect Cushman substation from the electrical system**

Tacoma City Council Resolution

- **June 6, 2017: Tacoma City Council unanimously adopts Substitute Resolution 39741**
 - Adds the exteriors of Cushman and Adams Substations and sites on the surrounding parcels to the Tacoma Register of Historic Places
 - Directs the City Manager to work with TPU/Tacoma Power to address the current condition of Adams Substation, maintain the interior and exterior of both the properties to standard that is attractive and amenable to future development, and to evaluate the degree to which environmental cleanup of the properties will be required
 - Directs the City Manager to work with TPU/Tacoma Power to enter into a Memorandum of Understanding (MOU) as necessary to establish a process to encourage, “...timely redevelopment of the Properties...”

RES 39741/MOU framework

- Set a schedule that, “promotes the expedited relocation of the current Tacoma Power operations from the Cushman Substation...”
- Establish a process for a, “prompt internal transfer of the Properties from Tacoma Public Utilities to the City of Tacoma General Government...”
- Establishing a fair market value for the Properties



RES 39741/MOU framework (cont.)

- **Establish and fund the cost for required environmental cleanup**
- **Allocating the risk and responsibility for any environmental liability, “past, present, and future,” which may be included as a factor in the internal transfer sales price**
- **Setting out a process by which the City will conduct a Request for Proposals (RFP), including community input for future redevelopment of the properties**
- **Prior to issuing an RFP, work with stakeholders to identify community goals for redevelopment of the properties**

Developments since RES 39741

- **Fall 2017: Tacoma Power Superintendent directs staff to begin environmental characterization at Cushman properties -- Phase 1 complete, Phase 2 ongoing**
- **Fall 2017: Tacoma Power Superintendent directs staff to begin analysis of alternatives to replace Cushman Substation storage and 50-ton crane capabilities**
- **Ongoing community engagement**
- **Tacoma Power continues work to comply with 2017 Henderson Bay MOA**
- **Tacoma Power continues work on North 21st Street Transmission Line Replacement Project – scheduled to be completed in 2018**
- **Joint TPU/General Government task force draft MOU, pursuant to Tacoma City Council Resolution 39741 – draft presented here today**

MOU – Joint Staff Draft

- **'Whereas' clauses layout history/background**
- **Establishes end of calendar year (CY) 2021 'goal' for operational replacement of storage facilities/crane capabilities**
- **Establishes end of CY 2019 'goal' to complete environmental assessment/characterization of at or below grade environmental issues**
- **Tacoma Power to maintain interior and exterior of structures consistent with utility operations and 2017 Henderson Bay MOA**

MOU – Joint Staff Draft (cont.)

- After environmental condition of the property is fully characterized, TPU and the General Government will work cooperatively and collaboratively to fully allocate financial and operational responsibility for clean-up, and to determine a fair market value for the properties, including an independent appraisal
- The General Government will be the lead for scoping, scheduling and conducting community outreach regarding the future redevelopment of the properties
- Tacoma Power has agreed to participate in community outreach process through up to \$50,000 in funding to pay for consultant for public outreach
- Community outreach may occur with or without transfer

Next steps

- **March 28 PUB Study Session**
- **Interim Director/City Manager sign MOU**
- **Joint staff task force continues work**

DRAFT 76

MEMORANDUM OF UNDERSTANDING

BETWEEN

CITY OF TACOMA

AND

TACOMA POWER

THIS MEMORANDUM OF UNDERSTANDING is memorialized this _____ day of _____, 2018, by and between City of Tacoma Department of Public Utilities, Light Division, (d.b.a. Tacoma Power), and the City of Tacoma's , Each of Power and the City of Tacoma are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the Tacoma City Council enacted Substitute Resolution 39741 on June 6, 2017, which added the exteriors of the following properties to the Tacoma Register of Historic Places: Cushman Substation, located at 3713 North 19th Street, and adjacent Adams Street Substation located at 1920 North Adams Street ("Properties"); and

WHEREAS, the Cushman substation property and transmission line were previously added to the National Register of Historic Places in 2016; and

WHEREAS the Properties are of primary historical significant to Tacoma, are significant for their association with the region's growth as a result of hydroelectric power production, and are an excellent example of monumental, neoclassical revival style architecture; and

WHEREAS the Cushman Substation is the subject of a 2017 Memorandum of Agreement (MOA) among the US Army Corps of Engineers, the Washington State Historic Preservation Officer, and Tacoma Power calling for the rehabilitation, restoration and preservation of certain historic features Cushman Substation as mitigation for the modernization of the Henderson Crossing portion of the historic Potlach Transmission line; and

WHEREAS, Tacoma Power is undertaking the North 21st Street Transmission Line Project which is planned to replace aging lattice towers originally part of the

Potlatch Transmission Line with steel poles in the 2018 calendar year. At completion of that work plan, Cushman substation will no longer serve as an active substation; and

WHEREAS, At the completion of the North 21st Street Transmission Line Project, the Cushman Street Substation will continue for a time to serve a number of other purposes for Tacoma Power's ratepayers, including housing a 50-ton capacity crane that is used for heavy equipment repair, large equipment storage, and other uses, and is not currently surplus to utility operations; and

WHEREAS, the adjacent Adams Street Substation was previously determined to be surplus to utility operations by Public Utility Board Resolution No. U-10270 and Tacoma City Council Resolution No. 37730 enacted on January 28, 2009, and February 10, 2009, respectively; and

WHEREAS, in addition, City Council Substitute Resolution No. 39741 directs the City's general government and Tacoma Power to work collaboratively to plan and provide for disposition of the Cushman Substation, including winding down of Tacoma Power operations on the site, environmental assessment and remediation, and contemplates a lead role for general government in the future redevelopment of the Cushman and Adams Street Substations; and

WHEREAS, under Resolution 39741 it is further contemplated that the City's general government and Tacoma power will enter into a Memorandum of Understanding (MOU) addressing matters to include an orderly winding down of utility operations at Cushman Street Substation, a process for assessment and remediation of any environmental issues, consideration of a potential internal transfer of the Substation premises when determined to be surplus to the utility, and community outreach and input in planning future redevelopment of both the Cushman and Adams Street Substations, and

WHEREAS, the City's general government and Tacoma Power have established a joint staff task force which developed this MOU to meet the objectives of Resolution 39741, and which will continue to meet periodically as the contact group to ensure the Parties respective and collective obligations under this MOU are timely and reasonably fulfilled, and

NOW, THEREFORE, it is hereby agreed as follows:

1. Tacoma Power anticipates proceeding with its scheduled work plan on the replacement of the original North 21st Street Transmission Line Towers, including future de-energizing of the Cushman Street Substation from the Tacoma Power transmission and distribution system. The Cushman Street Substation is currently planned to be disconnected from the system by the end of calendar year 2018.

2. Tacoma Power is currently reviewing cost-effective options to replace the storage and crane capabilities that Cushman Substation currently provides to Tacoma Power's ratepayers, as well as reviewing the storage inventory for reduction in items that will need to be relocated. This work is underway, and Tacoma Power's goal is to have replacement facilities and capabilities in operation by the end of calendar year 2021, rendering the Cushman Street Substation surplus to the utility.
3. Tacoma Power has initiated environmental studies to characterize legacy environmental issues at or below grade of the properties. Consistent with best practice, those studies will proceed in phases. Depending on the location and extent of contamination, some investigation may be delayed until the Cushman Street Substation is de-energized. Full environmental characterization may not be complete in calendar year 2018. Tacoma Power's goal is to complete the environmental assessment and characterization by the end of calendar year 2019. Once the environmental characterization is complete Tacoma Power will identify the scope and cost of available options to complete any necessary environmental remediation.
4. Prior to any transfer, Tacoma Power will maintain the interior and exterior of both properties to a standard that is consistent with its utility operations, and will fulfill its obligations under the 2017 Memorandum of Agreement (MOA) among the US Army Corps of Engineers, the Washington State Historic Preservation Officer, and Tacoma Power.
5. After the environmental condition of the property is fully characterized, and the cost of available remediation options is established, the Parties will work cooperatively and collaboratively to fully allocate financial and operational responsibility for any required clean up and to determine the fair market value of the Cushman and Adams properties, including an independent appraisal. The parties acknowledge that any potential future internal transfer is dependent on negotiation of an agreement setting the terms of transfer including consideration, as well as future decisions of the Public Utility Board and City Council.
6. The City of Tacoma's general government will be the lead for scoping, scheduling and conducting the community outreach process regarding the future redevelopment of the properties, as well as solicitation of redevelopment proposals. [The community outreach process should ensure broad community involvement and identify community goals for redevelopment of the Properties, which will be reconciled with costs and market constraints.](#) In order to generate data necessary to allow Tacoma Power to appropriately scope the level and extent of any necessary environmental cleanup of the properties, Tacoma Power will fund up to \$50,000.00 of outside consultant work for the public outreach, and general government will include necessary environmental cleanup levels as a deliverable within the scope of such consulting services.

Community outreach may occur with or without a transfer of the properties from Tacoma Power to the City's general government as the Parties deem most efficacious.

7. The Parties agree that the intended completion dates for the tasks identified herein are subject to extension for unforeseeable or uncontrollable circumstances, but the Parties remain committed to accomplishing them in a timely an efficient manner.
8. The joint staff task force will periodically report through the Director of Utilities to the Public Utility Board, and through the City Manager to the Tacoma City Council regarding the status of the work undertaken by the Parties in this MOU.

APPROVED:

City of Tacoma

City Manager

ACCEPTED AND AGREED:

Tacoma Public Utilities

Interim Director of Utilities