

**MEMORANDUM OF UNDERSTANDING BETWEEN
CITY OF TACOMA'S
GENERAL GOVERNMENT**

AND

**CITY OF TACOMA,
DEPARTMENT OF PUBLIC UTILITIES,
LIGHT DIVISION**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is entered into by and between the Department of Public Utilities Light Division (“Tacoma Power” or “TPU”) and the City of Tacoma's general government (“GG”). Each of Tacoma Power and the City of Tacoma's general government are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

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 1st Street, and adjacent Adams Street Substation, located at 1920 North Adams Street (collectively, the "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 significance 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, in 2018 Tacoma Power completed the North 21st Street Transmission Line Project, which replaced aging lattice towers originally part of the Potlatch Transmission Line with steel poles and ultimately resulted in the decommissioning of the Cushman substation as an active power substation; and

WHEREAS, the Cushman Street Substation continues to serve several other purposes for Tacoma Power's customers, 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 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, internal transfer of the substation premises to the City's general government or sale to a third party 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 that developed and amended 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 has identified cost-effective options to replace the storage and crane capabilities that Cushman Substation now provides to Tacoma Power's customers, as well as reviewing the storage inventory for a 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 operations in calendar year of 2027, rendering the Cushman Substation surplus to the utility. The schedule for the surplus, internal transfer, or third-party sale of the property will be adjusted to reflect the appropriate lead time to allow for remediation activities determined necessary resulting from community outreach and internal decision making.

2. Prior to any transfer or sale, Tacoma Power will maintain the interior and exterior of both properties to a standard that is consistent with its utility operations, and

has fulfilled its obligations under the 2017 MOA among the US Army Corps of Engineers, the Washington State Historic Preservation Officer, and Tacoma Power.

3. Environmental Site Assessment (“ESA”) was completed of Adams Substation in 2008 and Cushman Substation in 2018, fully characterizing environmental impacts, encompassing potential contamination from the Asarco Smelter plume. Each ESA report includes remedial cleanup options, complete with recommended timelines and estimated costs for implementation. Prior to any transfer, Tacoma Power will determine the acceptable remedial clean-up level based on planned future use of the site, results of Community outreach efforts, and input from the City of Tacoma's general government. In the event of some level of remedial clean-up, TPU will be responsible for managing any remedial clean-up activity of the site funded by Tacoma Power. Tacoma Power will be financially responsible for any remediation clean-up activity completed prior to transfer that is needed to reach acceptable cleanup levels. The Parties will work cooperatively and collaboratively to allocate detailed financial and operational responsibility for any required cleanup fully 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 or third-party sale depends on the negotiation of an agreement setting the terms of transfer, including consideration, as well as future decisions of the Public Utility Board and City Council.

4. 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 will serve as an initial phase of a master planning process. It should ensure broad community involvement and identify community goals for the redevelopment of the Properties, which will be reconciled with costs and market constraints, including public amenities and private development. 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 50% of the outside consultant work for the public outreach up to a maximum total contribution of \$57,867.00, and 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 efficient. The community outreach/initial master planning phase should begin Q2-2024.

5. 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 and efficient manner.

6. The joint staff task force will periodically report through the Director of Utilities to the Public Utility Board and the City Manager to the Tacoma City Council regarding the status of the work undertaken by the Parties in this MOU.

DATED this 12th day of March, 2024.

**The City of Tacoma,
through its General Government**



Printed Name: Elizabeth Pauli

Its: City Manager

**The City of Tacoma,
Department of Public Utilities, Light Division**



Printed Name: Jackie Flowers

Its: Director of Utilities