

TACOMA PUBLIC UTILITY BOARD

**2025 - 2026 PROPOSED BUDGET
TACOMA RAIL**

Wednesday, September 25, 2024

Tacoma Rail

| | |
|--------------------------------|-----|
| Recap of Biennial Budget | 1 |
| Revenue | 2 |
| Division Consolidation | 3 |
| Taxes | 4 |
| Debt Service | 5 |
| Capital Outlay | 6-7 |

| Tacoma Rail Recapitulation of Biennial Budget | 2023-2024 Current Budget | 2025-2026 Proposed Budget | 2023-24 to 2025-26 Budget Comparison | |
|--|-------------------------------------|--|---|--|
|--|-------------------------------------|--|---|--|

REVENUE

| | | | | |
|--------------------------------|----------------------|----------------------|---------------------|--------------|
| Switching Revenue | \$ 66,159,188 | \$ 74,628,536 | \$ 8,469,348 | 12.8% |
| Miscellaneous Revenue | 2,880,600 | 2,974,020 | 93,420 | 3.2% |
| Total Operating Revenue | \$ 69,039,788 | \$ 77,602,556 | \$ 8,562,768 | 12.4% |

| | | | | |
|--------------|-----------|-----------|-----------|--------|
| Other Income | 1,217,827 | 2,884,527 | 1,666,700 | 136.9% |
|--------------|-----------|-----------|-----------|--------|

| | | | | |
|--|----------------------|----------------------|----------------------|--------------|
| Total Revenue & Available Funds | \$ 70,257,615 | \$ 80,487,083 | \$ 10,229,468 | 14.6% |
|--|----------------------|----------------------|----------------------|--------------|

EXPENDITURES

| | | | | |
|------------------------------------|---------------|---------------|--------------|---------|
| Personnel Costs | \$ 36,458,545 | \$ 41,587,733 | \$ 5,129,188 | 14.1% |
| Supplies, Other Services & Charges | 19,472,807 | 22,214,066 | 2,741,260 | 14.1% |
| Taxes | 6,740,999 | 7,721,521 | 980,522 | 14.5% |
| Debt Service | 1,865,264 | 1,568,763 | (296,501) | (15.9%) |
| Capital Outlay | 5,720,000 | 7,395,000 | 1,675,000 | 29.3% |

| | | | | |
|---------------------------|----------------------|----------------------|----------------------|--------------|
| Total Expenditures | \$ 70,257,615 | \$ 80,487,083 | \$ 10,229,468 | 14.6% |
|---------------------------|----------------------|----------------------|----------------------|--------------|

CAPITAL OUTLAY FINANCING DETAIL

| | | | | |
|---------------------------------------|--------------|---------------|---------------|--------|
| Anticipated Bank Loan Proceeds/Grants | \$ 8,350,000 | \$ 21,735,000 | \$ 13,385,000 | 160.3% |
| Funded from Operating Fund | 5,720,000 | 7,395,000 | 1,675,000 | 29.3% |

| | | | | |
|-----------------------------|----------------------|----------------------|----------------------|---------------|
| Total Capital Outlay | \$ 14,070,000 | \$ 29,130,000 | \$ 15,060,000 | 107.0% |
|-----------------------------|----------------------|----------------------|----------------------|---------------|

| | | |
|---------------------------------|----------------------|----------------------|
| PERSONNEL - Budgeted FTE | 114.0 / 114.0 | 120.0 / 120.0 |
|---------------------------------|----------------------|----------------------|

| Tacoma Rail Revenue | 2023-2024 Current Budget | 2025-2026 Proposed Budget | 2023-24 to 2025-26 Budget Comparison | |
|----------------------------|---------------------------------|----------------------------------|---|--|
|----------------------------|---------------------------------|----------------------------------|---|--|

REVENUE SUMMARY

| | | | | |
|-----------------------|---------------|---------------|--------------|-------|
| Switching Revenue | \$ 66,159,188 | \$ 74,628,536 | \$ 8,469,348 | 12.8% |
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| | | | | |
|--------------------------------|-------------------|-------------------|------------------|--------------|
| Total Operating Revenue | 69,039,788 | 77,602,556 | 8,562,768 | 12.4% |
|--------------------------------|-------------------|-------------------|------------------|--------------|

| | | | | |
|--------------|-----------|-----------|-----------|--------|
| Other Income | 1,217,827 | 2,884,527 | 1,666,700 | 136.9% |
|--------------|-----------|-----------|-----------|--------|

| | | | | |
|--|----------------------|----------------------|----------------------|--------------|
| Total Revenue & Available Funds | \$ 70,257,615 | \$ 80,487,083 | \$ 10,229,468 | 14.6% |
|--|----------------------|----------------------|----------------------|--------------|

REVENUE DETAIL

Switching Revenue

| | | | | |
|-----------------------|---------------|---------------|--------------|-------|
| Line Hauls | \$ 60,666,588 | \$ 68,430,320 | \$ 7,763,732 | 12.8% |
| Local & Miscellaneous | 2,492,600 | 2,958,216 | 465,616 | 18.7% |
| Demurrage | 3,000,000 | 3,240,000 | 240,000 | 8.0% |

| | | | | |
|--------------------------------|-------------------|-------------------|------------------|--------------|
| Total Switching Revenue | 66,159,188 | 74,628,536 | 8,469,348 | 12.8% |
|--------------------------------|-------------------|-------------------|------------------|--------------|

| | | | | |
|-----------------------|-----------|-----------|--------|------|
| Locomotive Servicing | 2,454,000 | 2,547,420 | 93,420 | 3.8% |
| Miscellaneous Revenue | 426,600 | 426,600 | | |

| | | | | |
|------------------------------------|------------------|------------------|---------------|-------------|
| Total Miscellaneous Revenue | 2,880,600 | 2,974,020 | 93,420 | 3.2% |
|------------------------------------|------------------|------------------|---------------|-------------|

| | | | | |
|--------------------------------|-------------------|-------------------|------------------|--------------|
| Total Operating Revenue | 69,039,788 | 77,602,556 | 8,562,768 | 12.4% |
|--------------------------------|-------------------|-------------------|------------------|--------------|

Other Income

| | | | | |
|-----------------|---------|-----------|-----------|--------|
| Rent Income | 962,400 | 2,300,000 | 1,337,600 | 139.0% |
| Interest Income | 235,400 | 480,000 | 244,600 | 103.9% |

| | | | | |
|------------------------------------|------------------|------------------|------------------|---------------|
| Total Non-Operating Revenue | 1,197,800 | 2,780,000 | 1,582,200 | 132.1% |
|------------------------------------|------------------|------------------|------------------|---------------|

| | | | | |
|---------------------------------|--------|---------|--------|--------|
| Appropriation from Fund Balance | 20,027 | 104,527 | 84,500 | 421.9% |
|---------------------------------|--------|---------|--------|--------|

| | | | | |
|--|----------------------|----------------------|----------------------|--------------|
| Total Revenue & Available Funds | \$ 70,257,615 | \$ 80,487,083 | \$ 10,229,468 | 14.6% |
|--|----------------------|----------------------|----------------------|--------------|

| Tacoma Rail Division Consolidation | 2023-2024 Current Budget | 2025-2026 Proposed Budget | 2023-24 to 2025-26 Budget Comparison | |
|---|-------------------------------------|--|---|--|
|---|-------------------------------------|--|---|--|

SUMMARY - Operation & Maintenance by Section

| | | | | |
|---------------------|---------------|---------------|--------------|-------|
| Rail Administration | \$ 21,987,390 | \$ 24,753,812 | \$ 2,766,422 | 12.6% |
| Rail Operations | 24,409,884 | 27,715,525 | 3,305,641 | 13.5% |
| Rail Mechanical | 10,298,192 | 12,117,909 | 1,819,717 | 17.7% |
| Rail Construction | 5,976,884 | 6,936,074 | 959,190 | 16.0% |

| | | | | |
|---------------------------|----------------------|----------------------|---------------------|--------------|
| Total for Division | \$ 62,672,351 | \$ 71,523,320 | \$ 8,850,969 | 14.1% |
|---------------------------|----------------------|----------------------|---------------------|--------------|

SUMMARY - Operation & Maintenance by Category

| | | | | |
|---|-------------------|-------------------|------------------|--------------|
| Salaries & Wages | \$ 25,516,008 | \$ 28,897,932 | \$ 3,381,924 | 13.3% |
| Employee Benefits | 10,768,129 | 12,489,801 | 1,721,672 | 16.0% |
| Capital Credit & Labor To/From Others | 174,408 | 200,000 | 25,592 | (14.7%) |
| Total Personnel Costs | 36,458,545 | 41,587,733 | 5,129,188 | 14.1% |
| Supplies | \$ 2,444,634 | \$ 3,608,082 | \$ 1,163,448 | 47.6% |
| Services | 7,615,820 | 7,758,277 | 142,457 | 1.9% |
| Other Charges | 4,451,564 | 5,471,146 | 1,019,582 | 22.9% |
| Total Assessments | 4,960,789 | 5,376,561 | 415,773 | 8.4% |
| Taxes | 6,740,999 | 7,721,521 | 980,522 | 14.5% |
| Total Supplies & Other Charges | 26,213,806 | 29,935,587 | 3,721,782 | 14.2% |

| | | | | |
|---------------------------|----------------------|----------------------|---------------------|--------------|
| Total for Division | \$ 62,672,351 | \$ 71,523,320 | \$ 8,850,969 | 14.1% |
|---------------------------|----------------------|----------------------|---------------------|--------------|

| Tacoma Rail Taxes | 2023-2024 Current Budget | 2025-2026 Proposed Budget | 2023-24 to 2025-26 Budget Comparison | |
|--------------------------|---------------------------------|----------------------------------|---|--|
|--------------------------|---------------------------------|----------------------------------|---|--|

TAX PAYMENTS

City of Tacoma:

| | | | | |
|---------------------------|--------------|--------------|------------|-------|
| Gross Earnings Tax (8.0%) | \$ 5,700,000 | \$ 6,548,346 | \$ 848,346 | 14.9% |
|---------------------------|--------------|--------------|------------|-------|

State of Washington:

| | | | | |
|------------------------|-----------|-----------|---------|-------|
| Utility & Business Tax | 1,040,999 | 1,170,625 | 129,626 | 12.5% |
|------------------------|-----------|-----------|---------|-------|

| | | | | |
|-------------|---|-------|-------|--------|
| Other Taxes | 0 | 2,550 | 2,550 | 100.0% |
|-------------|---|-------|-------|--------|

| | | | | |
|----------|------------------|------------------|----------------|-------|
| Subtotal | 6,740,999 | 7,721,521 | 980,522 | 14.5% |
|----------|------------------|------------------|----------------|-------|

| | | | | |
|------------------------|-----------|-----------|---------|-------|
| Federal Railroad Taxes | 4,502,843 | 5,256,493 | 753,650 | 16.7% |
|------------------------|-----------|-----------|---------|-------|

| | | | | |
|--------------------------------|----------------------|----------------------|---------------------|--------------|
| Total Tacoma Rail Taxes | \$ 11,243,842 | \$ 12,978,014 | \$ 1,734,172 | 15.4% |
|--------------------------------|----------------------|----------------------|---------------------|--------------|

Note: State Sales Tax is included in O&M budget line items for Materials

Federal Railroad Taxes are paid in lieu of FICA and Retirement and are included in O&M category Personnel Services.

| Tacoma Rail Debt Service | 2023-2024 Current Budget | 2025-2026 Proposed Budget | 2023-24 to 2025-26 Budget Comparison | |
|--------------------------|--------------------------|---------------------------|--------------------------------------|--|
|--------------------------|--------------------------|---------------------------|--------------------------------------|--|

DEBT SERVICE SUMMARY

| | | | | |
|-----------|-----------|-----------|-----------|---------|
| Interest | \$ - | \$ - | \$ - | 0.0% |
| Principal | 1,865,264 | 1,568,763 | (296,501) | (15.9%) |

| | | | | |
|---------------------------|---------------------|---------------------|---------------------|----------------|
| Total Debt Service | \$ 1,865,264 | \$ 1,568,763 | \$ (296,501) | (15.9%) |
|---------------------------|---------------------|---------------------|---------------------|----------------|

DEBT SERVICE DETAIL

| | | | | |
|---|-----------|-----------|-----------|---------|
| Rail Bank Loans - \$9,773,897, 0% Interest - Principal | 1,865,264 | 1,568,763 | (296,501) | (15.9%) |
|---|-----------|-----------|-----------|---------|

| | | | | |
|---------------------------|---------------------|---------------------|---------------------|----------------|
| Total Debt Service | \$ 1,865,264 | \$ 1,568,763 | \$ (296,501) | (15.9%) |
|---------------------------|---------------------|---------------------|---------------------|----------------|

| Tacoma Rail Capital Outlay | 2023-2024 Current Budget | 2025-2026 Proposed Budget |
|-------------------------------|-----------------------------|------------------------------|
|-------------------------------|-----------------------------|------------------------------|

SUMMARY

| | | |
|-------------------------|-----------|------------|
| General Plant | \$ 0 | \$ 0 |
| Communications | 50,000 | 0 |
| Facility Upgrades | 1,800,000 | 1,850,000 |
| Rail Equipment/Vehicles | 5,350,000 | 19,800,000 |
| Track Improvements | 6,870,000 | 7,480,000 |

| | | |
|------------------|----------------------|----------------------|
| Sub-Total | \$ 14,070,000 | \$ 29,130,000 |
|------------------|----------------------|----------------------|

| | | |
|--|----------------|--------------|
| Projects Funded from Rail Bank Loan | \$ (1,990,000) | \$ (640,000) |
| Projects Funded from Anticipated Bank Loan | 0 | (1,200,000) |
| Projects Funded from CIAC | (1,400,000) | (950,000) |
| Projects Funded from Grants | (4,960,000) | (18,945,000) |

| | | |
|--|---------------------|---------------------|
| Total Current Fund Capital Outlay | \$ 5,720,000 | \$ 7,395,000 |
|--|---------------------|---------------------|

Communications

| | | |
|---|------------------|-------------|
| Locomotive Health & Location Monitoring | \$ 50,000 | \$ 0 |
| Communications Total | \$ 50,000 | \$ 0 |

Facility Upgrades

| | | |
|--------------------------------------|---------------------|---------------------|
| Installation of BEL Charging Station | \$ 1,300,000 | \$ 1,400,000 |
| West Barn Roof | 200,000 | 0 |
| Locomotive Jacks | 0 | 450,000 |
| Secondary Fueling Upgrades | 300,000 | 0 |
| Facility Upgrades Total | \$ 1,800,000 | \$ 1,850,000 |

| Tacoma Rail Capital Outlay | 2023-2024 Current Budget | 2025-2026 Proposed Budget |
|---------------------------------------|-------------------------------------|--------------------------------------|
|---------------------------------------|-------------------------------------|--------------------------------------|

| | | |
|--------------------------------|--|--|
| Rail Equipment/Vehicles | | |
|--------------------------------|--|--|

| | | |
|--------------------------------------|---------------------|----------------------|
| Locomotive Repower | \$ 5,000,000 | \$ 16,650,000 |
| 2100 Consent Decree Upgrades | 0 | 250,000 |
| Track Ballast Tamper | 0 | 1,400,000 |
| Locomotive Truck Overhauls | 0 | 200,000 |
| Boom Truck | 0 | 600,000 |
| Vehicles | 350,000 | 700,000 |
| Rail Equipment/Vehicles Total | \$ 5,350,000 | \$ 19,800,000 |

| | | |
|-----------------------------------|--|--|
| Track Improvement Projects | | |
|-----------------------------------|--|--|

| | | |
|--|---------------------|---------------------|
| Tidelands Infrastructure Improvements | \$ 1,000,000 | \$ 1,000,000 |
| Crossing Improvements | 0 | 250,000 |
| 509 Crossing Removal | 0 | 455,000 |
| Taylor Way Yard Upgrades | 0 | 1,600,000 |
| Port Road - Lianga Curve Signalization | 550,000 | 0 |
| Port Road - HITW Stub Signalization | 100,000 | 0 |
| Alexander Wye and Storage Track Upgrades | 860,000 | 0 |
| Annie Tracks Switch and Curve Upgrade | 2,600,000 | 950,000 |
| US Oil Crossings Signalization | 850,000 | 2,500,000 |
| Six Switch Replacements | 0 | 725,000 |
| Switch Replacements - Blair Peninsula | 910,000 | 0 |
| Track Improvement Projects Total | \$ 6,870,000 | \$ 7,480,000 |

| | | |
|-----------------------------|----------------------|----------------------|
| TOTAL CAPITAL OUTLAY | \$ 14,070,000 | \$ 29,130,000 |
|-----------------------------|----------------------|----------------------|