



**TO:** Elizabeth A. Pauli, City Manager  
**FROM:** Alan Matheson, Assistant Rail Superintendent  
Kurtis D. Kingsolver, Interim Deputy City Manager  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution – Authorization for the sale of the remaining available Tacoma Rail Mountain Division right-of-way and operations situated outside of the City of Tacoma limits to Rainier Rail, LLC and transfer of common carrier obligations consistent with Surface Transportation Board protocols - January 31, 2023  
**DATE:** **January 17, 2023**

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**SUMMARY AND PURPOSE:**

A resolution authorizing the execution of a Quit Claim Deed and Master Utility Easement Agreement for sale of the remaining available Tacoma Rail Mountain Division (TRMW) right-of-way and operations situated outside of the City limits to Rainier Rail, LLC., a Class III Common Carrier railroad, transference of associated common carrier obligations consistent with Surface Transportation Board protocols, and approval of Purchase and Sale Agreement No. 3323 for consideration of \$2,210,000 to be deposited into the Tacoma Rail Mountain Division Fund 4120.

**BACKGROUND:**

**This Department’s Recommendation is Based On:**

In 1990, the City of Tacoma accepted a donation from Weyerhaeuser of 54.5 miles of track. Later, in 1995, the City purchased another 77 miles of track from Weyerhaeuser for \$3,159,457. The Association of American Railroads assigned the railroad mark TRMW to the assembled railroad corridor.

The acquisition of the railroad corridor was pursued for economic development purposes, specific to tourism. At that time, the City had plans to build a “Train to the Mountain”, program which would include both passenger rail and bus service to Mount Rainier. While there was some investment to upgrade various segments of the rail line, the overall cost to realize and maintain the initial vision was substantial. From 2005-2011 the City attempted partnerships with a series of passenger excursion operations, however, they all failed as ridership was unsustainable.

In order to generate additional revenue for planned passenger operations and maintenance, the City also utilized the line to re-establish freight rail service in the Frederickson area. Currently, this line’s annual traffic averages around 1,500 railcars, generating gross revenue of approximately \$1.2M each year.

Revenues are insufficient for long term sustainability as operated by the City. Currently, the General Fund subsidizes the TRMW budget with \$400K per year. Ongoing subsidies from the General Fund would likely be necessary in perpetuity to sustain continued City ownership and operations. Economic development opportunities for freight rail on this rail line are infrequent because developable property adjacent to the rail line is sparse.

Public Works has administrative oversight for TRMW, and TPU-Rail operates and maintains the railroad line on the City’s behalf. Structural features of the rail line include 11 bridges, 34 track switches and 76 at-grade crossings (26 are signalized). In addition to the ongoing routine maintenance costs, there is a projected \$40M capital investment



need over the next 10 years to make necessary improvements to tracks, bridges and crossing surfaces between Tacoma and Frederickson.

Based on the foregoing, City staff has negotiated Purchase and Sale Agreement No. 3323 with Rainier Rail, LLC., a Class III common carrier railroad, for the sale of the remaining available TRMW outside of the City of Tacoma limits. The Purchase and Sale Agreement outlines a purchase price of \$2,210,000.00, the sale will be via Quit Claim Deed (As-Is/No Warranties), Rainier Rail, LLC will be assigned federal/state grant encumbrances applicable to the subject railroad, City will indemnify against claims related to environmental conditions near Lake Kapowsin, the City will receive a Master Utilities Easement Agreement for existing and future City utilities in the subject railroad right-of-way.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The proposed sale was presented to the Infrastructure, Planning and Sustainability Committee on January 11, 2023. Further, TRMW currently leases a segment of railroad to Rainier Rail to provide service to Wilcox Farms, and both TRMW and Wilcox Farms have been satisfied with Rainier Rail’s operational performance. Based on this information and additional customer research, TRMW is confident Rainier Rail will be able to provide an adequate level of service to the additional railroad customers currently served by TRMW.

**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

The discontinuance of freight rail service on the TRMW rail line within City of Tacoma limits will improve air and noise pollution within historically disadvantaged communities. Moreover, the divestment will provide TPU-Rail an opportunity to reduce the number of City owned locomotives, thereby reducing fuel consumption associated with City railroad operations.

**Economy/Workforce:** *Equity Index Score:* The subject railroad extends across all Equity Index Scores

Increase positive public perception related to the Tacoma economy.

**Livability:** *Equity Index Score:* The subject railroad extends across all Equity Index Scores

Reduction in carbon emissions, open space conditions, sustainability, clean air, water and soil, and noise and light pollution.

Increase positive public perception of safety and overall quality of life.

**Explain how your legislation will affect the selected indicator(s).**

The discontinuance of freight rail service on the TRMW within City of Tacoma limits will improve air and noise pollution and will provide an inactive right of way for a future trail should funding become available.

(Currently there is no funding in place for a trail project).

**ALTERNATIVES:**

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.



Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. City continue operating the TRMW railroad.	None.	The City will incur significant costs to continue to operate the TRMW railroad.

**EVALUATION AND FOLLOW UP:**

This is a one-time action with no on-going evaluation required.

**STAFF/SPONSOR RECOMMENDATION:**

Staff recommends City Council authorize the execution of a Quit Claim Deed and Master Utility Easement Agreement for sale of the remaining available TRMW situated outside of the City limits to Rainier Rail, LLC and to transfer of common carrier obligations consistent with Surface Transportation Board protocols.

**FISCAL IMPACT:**

Selling the TRMW for \$2,210,000.00 is a one-time source of revenue, but additional costs saving will be realized by the City due to cessation of TRMW common carrier railroad operations.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
Fund 4120, PW Tacoma Rail Mountain Division	633000	4343500	\$2,210,000.00
<b>TOTAL</b>			\$2,210,000.00

**What Funding is being used to support the expense?** N/A

**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**

**NO, PLEASE EXPLAIN BELOW**

Proceeds from the sale of the TRMW railroad operations were not budgeted.

**Are there financial costs or other impacts of not implementing the legislation?**

YES

**Will the legislation have an ongoing/recurring fiscal impact?**

No

**Will the legislation change the City's FTE/personnel counts?**

No

**ATTACHMENTS:**

- PowerPoint Presentation with Maps
- Quit Claim Deed
- Master Utilities Easement Agreement
- Purchase and Sale Agreement