



# Mountain Division Rail Line Divestment

City of Tacoma | Public Works and TPU-Rail

City Council Meeting  
February 28, 2023



1

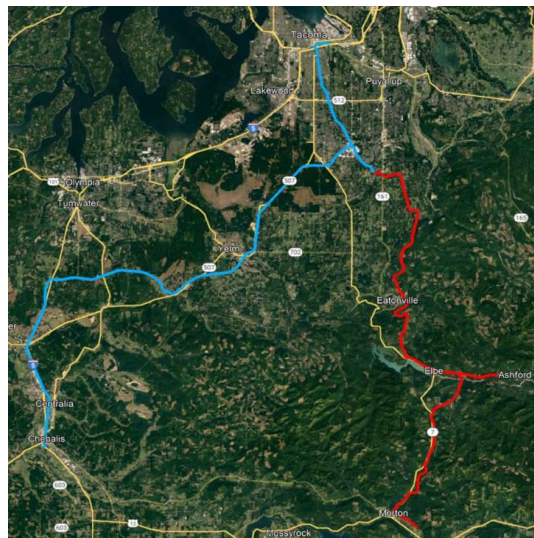
## OVERVIEW



### Assembling the TRMW railroad corridor

- **Donation Corridor**
  - 1990 – 54.5 miles accepted by City of Tacoma from Weyerhaeuser
- **Purchased Corridor**
  - 1995 – 77 miles acquired by City of Tacoma from Weyerhaeuser for \$3,159,457

Association of American Railroads (AAR) assigned railroad mark TRMW for the ~132-mile railroad corridor



2

2



## OVERVIEW

### Initial Objectives - 1995

Economic development through tourism

- Scenic railroad/bus service to Mount Rainier
  - Train to the Mountain
- Re-establish freight rail service in Frederickson

Administration oversight assigned to Public Works Department

- General Government FUND-4120

3

3



## ISSUES

### Revenues are insufficient for long term sustainability as operated by the City

- Fixed overhead costs of TPU-Rail, e.g. shared City services, prevailing wage projects, etc.

### Revenues and expenses accrue to General Government FUND-4120

- Average annual expenses for Mountain Division ~\$1.6M
- Annual Mountain Division railroad revenues ~\$1.2M
- \$400k annual subsidy from the General Fund

### Economic Development opportunities for freight Rail are infrequent

- Developable property adjacent to the rail line is sparse
- Ongoing subsidization from the General Fund would likely be necessary

4

4

## ● ● ● PROPOSED DIVESTMENT

- Established railroad right-of-way and track features outside of the City limits including freight rail common carrier obligations for service
- Surface Transportation Board (STB)
  - Must approve transfer of common carrier service obligations to another railroad
  - Must approve City’s request to terminate common carrier obligations associated with the line

5

## ● ● ● PURCHASE AND SALE

- Purchase Price: \$2,210,000
  - Earnest Money: \$120,000 held in escrow
- Sale via Quit Claim Deed  
As-Is/No Warranties
- City to receive Master Utilities Easement Agreement for existing and future public utilities in the railroad ROW
- City to indemnify buyer against claims related to known historic environmental conditions at Lake Kapowsin
- Buyer will file with Surface Transportation Board to accept Common Carrier obligations.

Fund 4120 GG Mountain Division Summary	
2023 Beginning Balance	\$ 850,000
Easement	\$ 310,000
Proposed Divestment	\$ 2,210,000
<b>Grand Total</b>	<b>\$ 3,370,000</b>

6

6

## NEXT STEPS



- Surface Transportation Board (STB) filings – following Council approval
- Execute Purchase & Sale Agreement & Record Deed following STB decision
- Work with Federal Railroad Administration / WSDOT on transferring Grant Agreements associated with historic track/bridge improvement projects to the buyer
- TPU-Rail will continue to support general upkeep of the retained segments within the City limits.
- Engage the community to develop plans for alternate uses of the ROW within City limits

7

7



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8