



Req. #10154

RESOLUTION NO. 36301

1 WHEREAS the City of Tacoma, Department of Public Utilities, Beltline
2 Division (d.b.a. Tacoma Rail), Tidelands Division (TMBL) has been negotiating
3 terms for an agreement with The Burlington Northern & Santa Fe Railway
4 ("BNSF") to acquire rights to provide freight service between South Tacoma
5 and Nisqually, St. Clair and Quadlok, and Olympia and Belmore, Washington,
6 and

7 WHEREAS BNSF intends to outsource carload service to about fifteen
8 existing customers in these areas, moving approximately 2,600 loads per year,
9 by the end of September 2004, and

10 WHEREAS BNSF is selling its line between South Tacoma and
11 Nisqually (the Lakeview Subdivision) to Sound Transit for improvement for
12 commuter rail use, and has reserved a Freight Service Easement and
13 negotiated a Joint Use Agreement with Sound Transit as part of that sale, and

14 WHEREAS under the proposed agreements, Tacoma Rail will purchase
15 a permanent Freight Service Easement from BNSF and will be assigned
16 BNSF's rights under the Joint Use Agreement with Sound Transit, and will
17 purchase a ten-year lease over the lines between St. Clair and Quadlok and
18 Olympia and Belmore, together with trackage rights to use BNSF and Union
19 Pacific main lines for access, and

20 WHEREAS, initially BNSF will continue to retain trackage rights over the
21 Lakeview Subdivision to provide freight service to Fort Lewis, but BNSF may
22 eventually transfer these rights to Tacoma Rail as well, and
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168



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WHEREAS Tacoma Rail will assume some switching responsibilities, it will assume maintenance responsibilities for the approximately nine miles of the St. Clair and Quadlok and Olympia and Belmore lines at its own expense, and it will assume maintenance on the approximately thirteen miles of the Lakeview Subdivision line subject to reimbursement from Sound Transit and BNSF proportionate to those entities' use until Sound Transit completes upgrades to the line, at which time Sound Transit will assume maintenance of the Lakeview Subdivision line subject to reimbursement from Tacoma Rail and BNSF, and

WHEREAS the proposed agreements establish a ten year rate schedule set by BNSF, that includes an escalation clause, after which time Tacoma Rail may set its own rates on the Lakeview Subdivision, and

WHEREAS Tacoma Rail recommends approval of the purchase of the Freight Service Easement and the ten year lease in the form approved by the City Attorney, including exhibits consisting of Interchange Agreements that define the parties' responsibilities for interchanging traffic between BNSF and Tacoma Rail; lists of property related agreements and trackage agreements to be assigned to Tacoma Rail; definitions; rights of entry for conducting an environmental assessment; insurance requirements; disposition of telecommunications equipment; and Trackage Rights Agreements, and

WHEREAS the Public Utility Board has approved the execution of the agreements with BNSF to acquire the right to provide freight service between the specified lines, and

169



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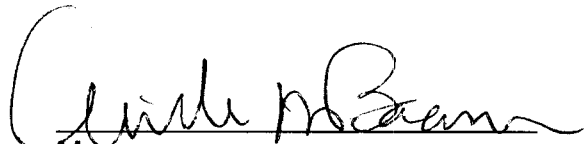
WHEREAS it is determined to be in the best public interest of the citizens of Tacoma and Tacoma Rail to approve the proposed agreements;

Now, Therefore,

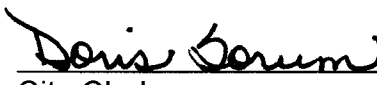
BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA

That the proper officers of the City are hereby authorized to execute the proposed agreements with The Burlington Northern & Santa Fe Railway for the acquisition of rights to provide freight service between South Tacoma and Nisqually, St. Clair and Quadlok, and Olympia and Belmore, Washington, for the purposes hereinabove enumerated, said documents to be substantially in the form of the proposed agreements on file in the office of the City Clerk.

Adopted SEP 14 2004


Mayor

Attest:


City Clerk

Approved as to form & legality:


Chief Assistant City Attorney

PUB Resolution No. U-9915

170



REQUEST FOR ORDINANCE OR RESOLUTION

CITY CLERK USE

Request #:

10154

Ordinance #:

Resolution #:

36301

1. DATE: August 16, 2004

2. REQUESTING DEPARTMENT/DIVISION/PROGRAM Tacoma Rail, Tidelands Division	3. CONTACT PERSON (for questions): Dennis Dean, Superintendent	PHONE/EXTENSION x8891
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4. PREPARATION OF A RESOLUTION IS REQUESTED FOR THE CITY COUNCIL MEETING OF TUESDAY, SEPTEMBER 14, 2004.

5. SUMMARY TITLE/RECOMMENDATION: (A concise sentence, as it will appear on the Council Agenda)

Authorize Tacoma Rail's Tidelands Division to execute a Purchase and Sale of a Freight Service Easement and a ten-year Lease with The Burlington Northern & Santa Fe Railway (BNSF) to provide freight service between South Tacoma and Nisqually and St. Clair and Quadlock and Olympia and Belmore, Washington.

6. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

BNSF selected Tacoma Rail as its preferred operator to assume short line freight rail service between South Tacoma and Nisqually (the Lakeview Subdivision) and St. Clair and Quadlock and Olympia and Belmore, Washington. BNSF has sold the Lakeview Subdivision line to Sound Transit, reserving for itself a Freight Service Easement. BNSF would deed this Freight Service Easement to Tacoma Rail. The service between St. Clair and Quadlock and Olympia and Belmore would be conveyed by means of a lease. In all, BNSF proposes to outsource carload service to about 15 customers moving about 2,600 loads per year. Most of this traffic is BNSF line-haul, but a small portion is reciprocal switch for the Union Pacific. Tacoma Rail would assume 9 miles of maintenance covering the leased areas, and another 13 miles covering the Lakeview Subdivision line until Sound Transit upgrades the line. Gross revenue from the lines is estimated to be approximately \$1 million annually.

7. FINANCIAL IMPACT: (Future impact on the budget.)

8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

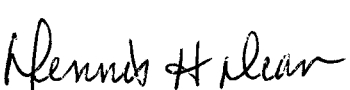

Source Documents/Backup Material	Location of Document
Memo from Mark Crisson dated August 16, 2004	City Clerk's Office
Draft Purchase and Sale and Lease Agreements	City Clerk's Office

9. FUNDING SOURCE: (Enter amount of funding from each source) NA

Fund Number & Name:	State \$	City \$	Other \$	Total Amount
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If an expenditure, is it budgeted? NA Yes No Where? Org # Acct #

10. ATTORNEY CONTACT: (Enter Name of Attorney that you've been working with)
Anne Spangler

11.  Department Director/Utility Division Approval	Approved as to Availability of Funds Director of Finance	 City Manager/Director Utilities Approval
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171

Resolution No. 36301

Adopted: Sept. 14, 2004

Maker of Motion: Evans

Seconded: Phelps

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Ms. Anderson	/			
Mr. Evans	/			
Ms. Ladenburg	/			
Mr. Lonergan	/			
Mr. Manthou	/			
Mr. Phelps	/			
Mr. Stenger	/			
Mr. Talbert	/			
Mayor Baarsma	/			

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