



RESOLUTION NO. 38780

1 A RESOLUTION relating to Tacoma Rail Mountain Division; authorizing the
2 execution of an Interlocal Agreement between the City of Tacoma, Lewis
3 County, and the City of Chehalis for the purpose of outlining the terms and
4 conditions of a potential sale, in the amount of \$3 million, of the
southernmost 20 miles of railroad right-of-way which runs from Maytown, in
Thurston County, to south of Chehalis, in Lewis County.

5 WHEREAS, since 1995, the City of Tacoma, Public Works Department,
6 Tacoma Rail Mountain Division ("TRMW"), has operated and maintained the rail
7 line that runs between the City and the Port of Chehalis, and
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9 WHEREAS the southernmost 20-mile section of the rail line, running from
10 Maytown, in Thurston County, to the Port of Chehalis, in Lewis County, as more
11 particularly described in the Interlocal Agreement on file in the Office of the City
12 Clerk ("Property"), is currently operated by a third party, Western Washington
13 Railroad, LLC, under a short-term lease agreement, and
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15 WHEREAS Lewis County and the City of Chehalis (collectively, the
16 "Optionees") are seeking to ensure local control over operation of the Property,
17 including numerous crossings in Centralia, Chehalis, and Lewis County, and
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19 WHEREAS City staff has determined that the sale of the Property is in the
20 best interests of the City, and is willing to sell the Property to Optionees for
21 \$3 million within three years, which amount is based on a third-party appraisal and
22 in-house valuation, and

23 WHEREAS the proposed Interlocal Agreement provides for the following:

24 (1) upon execution of the agreement, Optionees shall deposit \$150,000 into an
25 interest-bearing escrow account; (2) if, after two years, Optionees have not
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1 purchased the Property but still desire to do so, an additional \$100,000 will be
2 added to the escrow account; and (3) if Optionees have not purchased the
3 Property or terminated the Interlocal Agreement at the end of the three-year
4 period, \$50,000 of the deposit will be retained by the City, and

5 WHEREAS the proposed Interlocal Agreement provides the City with the
6 ability to accept other offers on the Property during the three-year period, and

7 WHEREAS, in the event a viable offer is received, Optionees will have four
8 months from the date notice of such offer is received to exercise the option to
9 purchase the Property, and if Optionees decide not to proceed with the purchase,
10 the City may proceed with the other offer, and

11 WHEREAS the proposed Interlocal Agreement provides assurance that the
12 City will sell the Property to Optionees for \$3 million within three years, and allows
13 Optionees adequate time to seek funding assistance for the purchase, and

14 WHEREAS, during the three-year period, TRMW will continue to use
15 reasonable efforts to continue the contract with Western Washington Railroad, LLC
16 for use of the Property, to ensure appropriate operational and maintenance
17 activities occur on the Property in order to mitigate City expenses; Now, Therefore,
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20 **BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:**

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22 That the proper officers of the City are hereby authorized to enter into an
23 Interlocal Agreement between the City of Tacoma, Lewis County, and the City of
24 Chehalis for the purpose of outlining the terms and conditions of a potential sale, in
25 the amount of \$3 million, of the southernmost 20 miles of railroad right-of-way
26 which runs from Maytown, in Thurston County, to south of Chehalis, in Lewis



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County, all as more specifically set forth in the proposed Interlocal Agreement on
file in the office of the City Clerk.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney