



TO: Elizabeth A. Pauli, City Manager
FROM: Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer *KD*
Dale King, Tacoma Rail Superintendent
Greg Muller, Real Estate Officer, Public Works
COPY: City Council and City Clerk
SUBJECT: Request for Resolution – Proceed with the Sale of a portion of the Tacoma Rail –
Mountain Division Property – August 6, 2019
DATE: July 17, 2019

SUMMARY:

A resolution authorizing the disposition of approximately 4.4 miles of property, related railroad infrastructure, and personal property, located between unincorporated Pierce and Thurston counties, to WRL LLC, for the amount of \$100,000.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This transaction aligns with the above policy priority by allowing Tacoma Rail Mountain Division (TRMW) to sell a portion of its operating territory located outside the City of Tacoma, in unincorporated Pierce and Thurston counties to a third party freight rail service provider, thereby maximizing the resources allocated to TRMW's core business areas.

BACKGROUND:

The City of Tacoma has owned the TRMW rail line since 1995 when it was acquired from the Weyerhaeuser Company. An abutting 35-mile portion of the TRMW between Chehalis and the Rainier area was sold to WRL LLC in 2016. Tacoma Rail staff, in partnership with Public Works leadership, has determined that a divestiture of the TRMW assets in this proposed sale would be in the best interests of the City of Tacoma, since it would eliminate any additional routine maintenance, operational, and capital outlay costs.

ISSUE:

This sale will allow for continued access to freight rail service in the area. Proceeding with this transaction is consistent with the commitment by Tacoma Rail to divest portions of TRMW assets when feasible.

ALTERNATIVES:

The alternatives to disposing of the property through the negotiated sale process, as allowed under Subsection 1.06.280.F. of the Municipal Code, are to either retain ownership or to dispose via a bid/sale process. TRMW could continue to maintain this section of the rail line. However, this would result in continued operational and capital outlay costs as well as ongoing financial risk exposure to the City. The negotiated sale process was determined to be the most efficient disposition method, as the most likely purchaser is the abutter and the property would likely not appeal to other market participants, thus the bid/sale process would not likely be successful.



RECOMMENDATION:

A resolution authorizing the disposition of approximately 4.4 miles of property, related railroad infrastructure, and personal property, located between unincorporated Pierce and Thurston counties, to WRL LLC. The property will be sold AS-IS for \$100,000.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
WRL LLC	633000	6411030	\$100,000
TOTAL			\$100,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$0 – this was not a budgeted item.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A.