



RESOLUTION NO. 39312

1 A RESOLUTION relating to the City of Tacoma, Department of Public Utilities,
2 Beltline Division (d.b.a. "Tacoma Rail"); approving the extension of
3 agreements between Burlington Northern Santa Fe Railway ("BNSF") and
4 Tacoma Rail for up to four additional months for freight rail service between
5 South Tacoma and Nisqually, St. Clair and Quadlok, and Olympia and
6 Belmore, Washington; and authorizing payment to BNSF in the amount of
7 \$250,000, budgeted from the TPU Tacoma Rail Fund, to satisfy closeout
8 provisions in said agreements.

9 WHEREAS, since 2004, the City of Tacoma, Department of Public
10 Utilities, Beltline Division (d.b.a. "Tacoma Rail"), has been providing short line
11 freight rail service between South Tacoma and Nisqually, St. Clair and Quadlok,
12 and Olympia and Belmore, Washington, pursuant to agreements with Burlington
13 Northern Santa-Fe Railway ("BNSF"), and

14 WHEREAS Tacoma Rail has determined that it is not economically
15 prudent to renew the agreements, which expire on November 16, 2015, and

16 WHEREAS the agreements require Tacoma Rail to return track segments
17 back to BNSF with the equivalent of 80 percent of the railroad ties in good
18 condition, and BNSF estimates the cost of the closeout provisions to be between
19 \$675,000 and \$1 million, and

20 WHEREAS the closeout provisions can either be performed or settled
21 through payment or other consideration, and

22 WHEREAS BNSF is in the process of selecting a new operator for the rail
23 segments, but will not have the process completed before the agreements
24 terminate, and

25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

WHEREAS BNSF is willing to accept from Tacoma Rail, as payment of the closeout provisions, the amount of \$250,000, plus Tacoma Rail's extension of the agreements for up to four additional months, through March 16, 2016, to allow freight service to be transitioned to a new operator in an efficient manner, and

WHEREAS, at its meeting of October 28, 2015, the Public Utility Board approved extension of the agreements, pending confirmation from the City Council; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That the request to extend the agreements between the City of Tacoma, Department of Public Utilities, Beltline Division (d.b.a. "Tacoma Rail") and Burlington Northern Santa-Fe Railroad ("BNSF"), to provide short line freight rail services for South Tacoma and Nisqually, St. Clair and Quadlok, and Olympia and Belmore, Washington, for up to four additional months, through March 16, 2016, is hereby approved, and the Superintendent of Rail is hereby authorized to execute on behalf of the City extensions to said agreements in a form as approved by the City Attorney.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Section 2. That payment by Tacoma Rail to BNSF, in the amount of \$250,000, budgeted from the TPU Tacoma Rail Fund, to satisfy closeout provisions required under the agreements, is hereby approved.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney

Requested by Public Utility Board
Resolution No. U-10819