



RESOLUTION NO. 41130

1 A RESOLUTION relating to rail operations; authorizing the execution of a Quit
2 Claim Deed and Master Utilities Easement Agreement for the sale of the
3 remaining available Tacoma Rail Mountain Division (“TRMW”) right-of-way
4 and operations situated outside of the City limits to Rainier Rail LLC, a
5 Class III Common Carrier railroad, and transference of associated common
6 carrier obligations consistent with Surface Transportation Board protocols,
7 all in accordance with Purchase and Sale Agreement No. 3323 for
8 consideration of \$2,210,000 to be deposited into the TRMW Fund.

9 WHEREAS, in 1990, the City accepted a donation from the Weyerhaeuser
10 Company (“Weyerhaeuser”) of 54.5 miles of railroad track, and in 1995, the City
11 purchased another 77 miles of railroad track from Weyerhaeuser for \$3,159,457,
12 and the Association of American Railroads assigned the railroad mark Tacoma
13 Rail Mountain Division (“TRMW”) to the assembled railroad corridor, and

14 WHEREAS at that time, the City had plans to build a “Train to the Mountain,”
15 program which would include both passenger rail and bus service to Mount Rainier,
16 and the acquisition of the railroad corridor was pursued for economic development
17 purposes, specific to tourism, and

18 WHEREAS while there was some investment to upgrade various segments of
19 the rail line, the overall cost to realize and maintain the initial vision was substantial,
20 and from 2005-2011 the City attempted to form partnerships with a series of
21 passenger excursion operations, however, they all failed as ridership was
22 unsustainable, and

23 WHEREAS, in order to generate additional revenue for planned passenger
24 operations and maintenance, the City also utilized the line to re-establish freight rail
25 service in the Frederickson area, and this line’s current annual traffic averages
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1 around 1,500 railcars, generating gross revenue of approximately \$1.2 million each
2 year, and

3 WHEREAS these revenues are insufficient for long-term sustainability as
4 operated by the City, and currently, the General Fund subsidizes the TRMW budget
5 with \$400,000 per year, and
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7 WHEREAS ongoing subsidies from the General Fund would likely be
8 necessary in perpetuity to sustain continued ownership and operations by the City,
9 as economic development opportunities for freight rail on this rail line are infrequent
10 due to the scarcity of developable property adjacent to the rail line, and
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12 WHEREAS the Public Works Department has administrative oversight for
13 TRMW, which has structural features of rail line that include 11 bridges, 34 track
14 switches, and 76 at-grade crossings (26 are signalized), and Tacoma Public Utilities-
15 Tacoma Rail operates and maintains the railroad line on behalf of the City, and
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17 WHEREAS, in addition to the ongoing routine maintenance costs, there is a
18 projected \$40 million capital investment need over the next ten years to make
19 necessary improvements to tracks, bridges, and crossing surfaces between Tacoma
20 and Frederickson, and

21 WHEREAS, City staff has negotiated Purchase and Sale Agreement
22 No. 3323 ("Agreement") with Rainier Rail LLC ("Rainier"), a Class III Common
23 Carrier railroad, for the sale of the remaining available TRMW outside of the City
24 limits, and
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1 WHEREAS the Purchase and Sale Agreement outlines a purchase price of
2 \$2,210,000, and the sale will be via Quit Claim Deed (As Is/No Warranties), and

3 WHEREAS Rainier will be assigned federal/state grant encumbrances
4 applicable to the subject railroad, the City will indemnify against claims related to
5 environmental conditions near Lake Kapowsin, and the City will receive a Master
6 Utilities Easement Agreement for existing and future City utilities in the subject
7 railroad right-of-way, and

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9 WHEREAS the proposed sale was presented to the Infrastructure, Planning,
10 and Sustainability Committee on January 11, 2023, and

11
12 WHEREAS, TRMW currently leases a segment of railroad to Rainier to
13 provide service to Wilcox Farms, and both TRMW and Wilcox Farms have been
14 satisfied with Rainier’s operational performance, and

15 WHEREAS, based on this information and additional customer research,
16 TRMW is confident Rainier will be able to provide an adequate level of service to the
17 additional railroad customers currently served by TRMW; Now, Therefore,

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

20 Section 1. That the proper officers of the City are hereby authorized to
21 execute a Quit Claim Deed and Master Utilities Easement Agreement for the sale
22 of the remaining available Tacoma Rail Mountain Division (“TRMW”) right-of-way
23 and operations situated outside of the City limits to Rainier Rail LLC, a Class III
24 Common Carrier railroad, as more specifically set forth in the documents on file
25 in the office of the City Clerk.
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Section 2. That the proper officers of the City hereby authorize the transference of associated common carrier obligations consistent with Surface Transportation Board protocols, all in accordance with Purchase and Sale Agreement No. 3323, for consideration of \$2,210,000 to be deposited into the TRMW Fund.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney