



Freight Rail Assistance Application - October 2006

Railroad Spur in Frederickson – SEM MATERIALS

1. Contact Information

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2. Project Description

SEM Materials is a potential new industry that will bring in railroad tank cars of asphalt, perform some minor processing with additives then sell to local asphalt batch plants for construction, primarily of roads. The proposed spur would come off the Mountain Division mainline and extend 1700 feet into the new SEM facility. SEM anticipates 10-12 railcars per week initially, with greater projected volumes when their business develops.

See included drawing and area overview.





NO SCALE



DPRES 01-22-07

PROPOSED SPUR TRACK

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SITE 1

SITE 2

TACOMA RAIL
INDUSTRIAL TRACK DEVELOPMENT
FREDERICKSON, WA

3. Project Schedule

Please provide actual or target completion date for each milestone:

Project Milestone	Month/Year
Complete project definition	January 2007
Begin preliminary engineering	March 2007
Complete environmental documentation	NA
Complete right of way certification (may include acquisition)	NA
Start construction	November 2007
Construction compete and project functionally operational	January 2008

4. Project Cost

See next page insert.



Engineer's Cost Estimate for
Frederickson Spur - SEM

ITEM #	Description	Quantity	Unit	@ cost	extension
1	site preparation	1900	lin feet	\$ 25	\$ 47,500
2	turnouts	2	each	\$ 47,500	\$ 95,000
3	track	2200	feet	\$ 152	\$ 334,400
4	project management/contingency @ 15%				\$ 71,535
5	sales tax @ 8.8%				\$ 41,967
	TOTAL				\$ 590,402

This preliminary estimate is based on information available to me at the date indicated and does not reflect actual bids by prospective vendors

date: 10/10/06



EXPIRES: 05/06/08

5. Proposed Funding

Indicate funds for the project that are coming from various sources, and indicate if the funds are cash payments or benefits in kind.

Funding Source	Public or Private	Cash or In-Kind	Amount
Local – Port of Tacoma			
Local - Other			
Railroad			
WSDOT	Public	Cash	\$300,000
Federal Funds			
SEM Materials	Private	Cash	290,402
Total			\$590,402

6. Reduced Road Impacts

None. Absent the ability to bring product in by rail, the company will locate elsewhere, probably Oregon.

7. List of Shippers

SemGroup, L.P.
Two Warren Place
6120 South Yale Avenue
Suite 700
Tulsa, OK 74136-4216

8. Safety and/or Urgent Need

None.

9. Reducing System-wide Rail Delays

NA

10. Preservation of Rail Line

Provides additional revenue for the Mountain Division.

11. Environmental Impacts

Transport of raw asphalt product by rail is safer than by truck.

12. Geographical Balance and Support for Regional Economies

Brings additional supply of needed asphalt to tri-county area and brings in 8-14 new jobs.

13. Project Business Plan

Management Team

Paula J. Henry is the railroad's Superintendent / Chief Operating Officer and has worked at Tacoma Rail since 1998 – as Superintendent since December 2005 and previously as Assistant Superintendent. Prior to working at Tacoma Rail, Ms. Henry held a number of administrative, planning and project management positions within City of Tacoma government since 1985. Ms. Henry is a graduate of Western Washington University in Bellingham, Washington with a bachelor's degree in regional urban planning. She currently holds an executive seat for the Board of Directors of the American Shortline Railroad Association. Ms. Henry is a member of the National Association for Railroad Female Executives, the National Association for Female Executives, Bates Technical College Foundation Board of Directors, and the World Trade Center. She has been a certified and licensed locomotive engineer.

Dan Burns is Assistant Superintendent and heads the Network Operations for all three Tacoma Rail divisions. He joined Tacoma Rail in early 2006 following 30 years of varied experience on the Milwaukee and the Burlington Northern Santa Fe class I mainline railroads. His railroad assignments have spanned the western United States in such varied positions as Region Service Performance Manager, Director of Administration, Manager Dispatcher Performance and various operating department positions. Most recently he spent 5 years as the Terminal Manager in Tacoma for the BNSF. He has been a certified and licensed as a locomotive engineer.

Alan Hardy is the railroad's Roadmaster and Mechanical Department Manager (Section Manager, Mechanical and Construction) and has worked for Tacoma Rail since August of 2004. Before coming to Tacoma Rail, Mr. Hardy worked 9 years for the nation's largest and the world's 2nd largest railroad track equipment manufacturer and contract services company as supervisor and manager assigned to the Union Pacific and Burlington Northern Santa Fe railroads in large scale construction and maintenance contracts. Before that he worked for a very successful short line railroad owned by and serving a Fortune 500 paper company in Northwest Florida. He held the positions of Signal Maintainer, Assistant Roadmaster and Roadmaster during his 21 year career there. Mr. Hardy graduated from Wallace Community College in Dothan, Alabama with a two year technical degree in electronics. Mr. Hardy has completed a variety of railroad related courses and seminars and has been a member of the American Railway Engineering and Maintenance-of-Way Association since 1982.

Business Approach

Our strategic mission at Tacoma Rail is to deliver the best rail service possible by providing a switching operation that is safe, cost competitive, reliable and efficient. Development of new customers and creating new jobs is a high priority.

Financials – see separate submittal; income statements, cash flow statements and balance sheets for 2003, 2004, 2005.

Proformas – if volumes are as expected, new revenue to Tacoma Rail Mountain Division will be approximately \$216,000 per year.

14. Economic Development Benefits

Brings new business to the tri-county region.

15. Additional Comments

Field trip to proposed site is available on request.