



Freight Rail Assistance Application - October 2006 Rail Siding at Frederickson (Walrath)

1. Contact Information

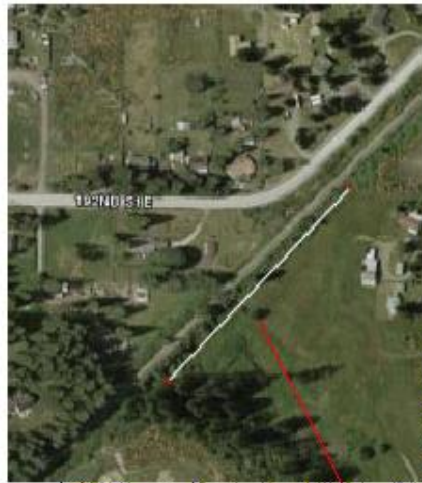
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2. Project Description

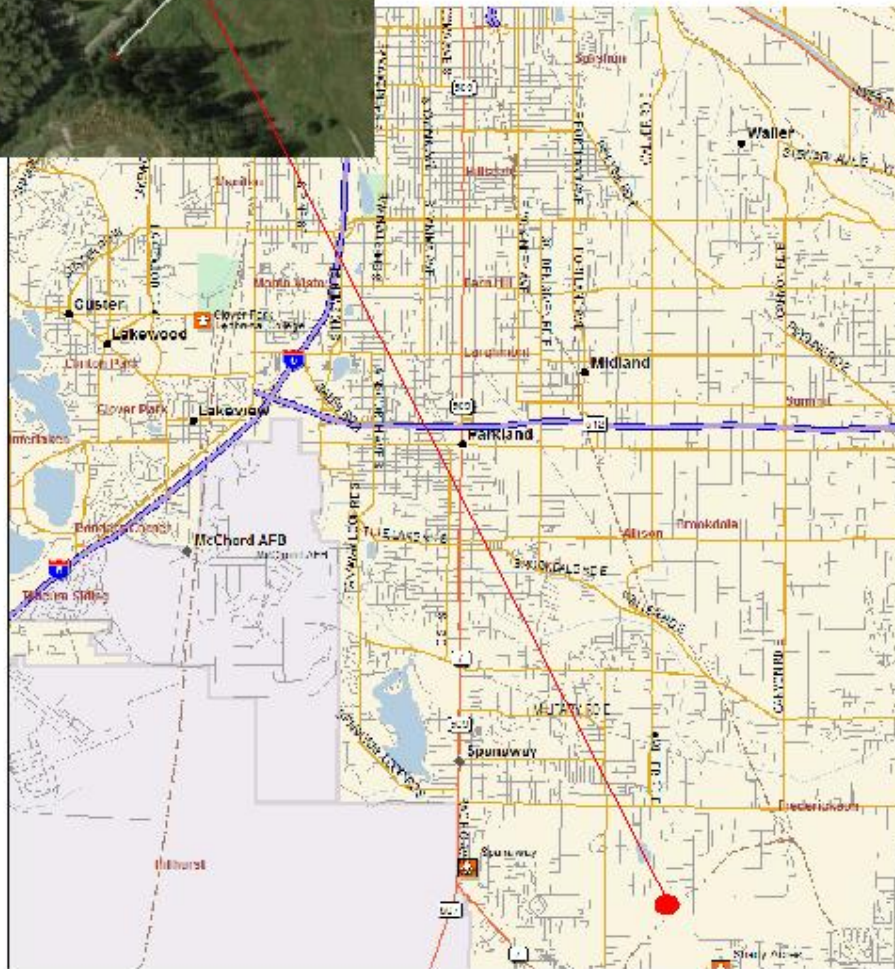
Request is for the construction of a railroad siding to serve Walrath Trucking at a new rail transload site in Frederickson, Washington. The principle product would be pumice that would arrive in railroad hopper cars and be transloaded to truck for local delivery in the Puget Sound area. The two turn-outs and track would be constructed in Tacoma Rail right-of-way to minimize construction costs and eliminate permitting difficulties. The incoming rail cars would come from either the BNSF or UP mainline railroads with the local switch being performed by Tacoma Rail. The location is in the Frederickson industrial area. In full operation, the 700-foot siding would handle 25-40 rail cars per month.

The project would be constructed in Tacoma Rail right-of-way and be owned by Tacoma Rail.



Location:

38th and 192nd in Frederickson, Washington



3. Project Schedule

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

4. Project Cost

See next page insert.

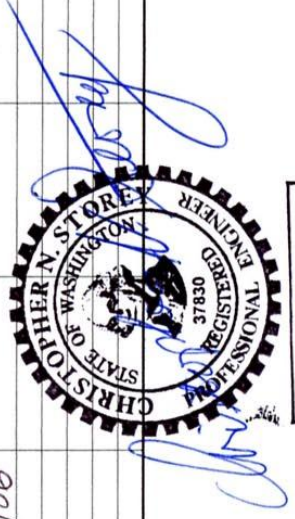
ITEM #	Description	Quantity	Units	@ cost	extension
1	site preparation	900	lin feet	\$ 25	\$ 22,500
2	turnouts	2	each	\$ 47,500	\$ 95,000
3	track	700	feet	\$ 152	\$ 106,400
4	asphalt apron	1400		\$ 8	\$ 11,200
5	project management/contingency @ 15%				\$ 35,265
6	sales tax @ 8.8%				\$ 20,689
	TOTAL				\$ 291,054

Engineer's Cost Estimate for
Frederickson Siding - Walrath



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

date: 12/10/06



EXPIRES: 05/06/09

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 District			
Local - Other			
Railroad – City of Tacoma	Public	In-kind	\$20,000
WSDOT	Public	Cash	221,054
Federal Funds			
Other - Walrath	Private	Cash	50,000
Total			\$291,054

6. Reduced Road Impacts

Absent the ability to rail ship product into a local distribution center, the product could be trucked from Oregon. At 30 rail cars per month this would be approximately 170 truck trips up I-5. On Washington highways this is a reduction of almost 22,000 truck miles annually.

7. List of Shippers

T.E. Walrath Trucking, Inc., 3773 South 74th, Tacoma, WA 98409

8. Safety

Transport of pumice by rail eliminates occasional “dribble” from trucks that results in poor driving conditions on highways.

9. Rail Delays

Not applicable.

10. Preservation of Rail Line

Increased business will increase the long-term viability of the Tacoma Rail Mountain Division.

11. Environmental Impacts

Pumice is used in several industrial applications. Transport of the raw material by rail is the most environmentally sensitive method. The fuel cost in ton/mile for rail transport is substantially lower than the ton/mile cost of trucking.

12. Geographical Balance and Support for Regional Economies

Having an active supplier of this raw material helps local users.

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 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.

The Mountain Division of Tacoma Rail serves the Pierce County industrial area around Frederickson. (see next page). The proposed construction is in the Mountain Division right-of-way and will be owned by the City of Tacoma. It is anticipated that Walrath will be charged a small maintenance fee or will agree to maintain the siding themselves. Revenue for Tacoma Rail will come from the Handling Carrier agreements with the Union Pacific and Burlington Northern Santa Fe railroads. Revenue is anticipated to be approximately \$375 per incoming railcar.

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

Proformas – increased revenue to Tacoma Rail at 30 cars per month would be approximately \$135,000 per year with minimal increase of expense as the area is already rail served.

14. Economic Development Benefits

Location of industry to Frederickson, WA industrial area. Five to six new jobs.

15. Additional Comments

None