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February 27, 2019
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February 27, 2019

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001



**Re: STB DOCKET NO. AB-1270, Port of Benton, WA,
Adverse Discontinuance of Rail Service,
Tri-City Railroad Company, LLC**

Dear Ms. Brown:

On behalf of the Port of Benton, WA, please find enclosed the filing fee of \$26,300. We will be submitting under separate cover a request for a waiver or reduction in the Surface Transportation Board's filing fee.

Sincerely,

A handwritten signature in black ink that reads 'Sloane Carlough'.

Sloane S. Carlough

Enclosure

FEE RECEIVED
February 27, 2019
SURFACE
TRANSPORTATION BOARD

FILED
February 27, 2019
SURFACE
TRANSPORTATION BOARD

CLARK HILL

John D. Heffner
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February 22, 2019

BY HAND

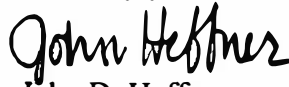
Cynthia T. Brown
Chief, Office of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

**Re: STB Docket AB-1270, Port of Benton, WA, Adverse
Application for Discontinuance of Rail Service
Tri-City Railroad Company, LLC**

Dear Ms. Brown:

On behalf of the Port of Benton, WA, I am enclosing an original and ten copies of its Adverse Application for Discontinuance of Rail Service by Tri-City Railroad Company, LLC, including a volume containing verified statements and supporting attachments. I am also submitting two CD's containing these documents. There is no filing fee associated with this application as the Board has previously found that the Port qualifies for a fee waiver. Please date stamp and return to our messenger one copy of the application and the additional bound volume containing the verified statements and attachments.

Sincerely yours,


John D. Heffner
Senior Counsel

cc: All parties on service list
David Billetdeaux, Esq.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**PORT OF BENTON, WA,
ADVERSE APPLICATION FOR
DISCONTINUANCE OF RAIL SERVICE
TRI-CITY RAILROAD COMPANY, LLC**

STB DOCKET NO. AB-1270

Respectfully submitted,

John D. Heffner
Sloane S. Carlough
Clark Hill PLC
1001 Pennsylvania Ave., N.W.
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(202) 572-8629

Eric M. Hocky
Clark Hill PLC
2005 Market Street
Philadelphia, PA 19103
(215) 640-8523

Dated: February 22, 2019

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**PORT OF BENTON, WA,
ADVERSE APPLICATION FOR
DISCONTINUANCE OF RAIL SERVICE
TRI-CITY RAILROAD COMPANY, LLC**

STB DOCKET NO. AB-1270

I.

INTRODUCTION

Pursuant to the provisions of 49 U.S.C. §10903 and 49 CFR Part 1152, the Port of Benton, WA, (“POB” or “the Port”) hereby files its verified application for the adverse discontinuance of rail service by Tri-City Railroad Company, LLC (“TCRY”) over a line of railroad owned by the Port between MP 18.84 at Richland Junction and MP 29.73 at Horn Rapids Road at Richland, WA. POB believes that the public convenience and necessity justify discontinuance of TCRY’s rail service and requests that the Board promptly begin a proceeding and grant this application.

The Port submits with this application in a separate bound volume the testimony of its engineering consultant, Roger Wright, as well as the testimony of its President Roy D. Keck along with attachments supporting his statement.

II.

STATEMENT OF FACTS

POB is a public agency and political subdivision in the State of Washington chartered in 1958 under state statute RCW 53.04.010 as well as a nonoperating common carrier railroad. The Port’s purpose is to promote economic and industrial development along with multi-modal transportation.

TCRY is a Class III short line common carrier railroad authorized by the Board to operate over the subject line of railroad known as the “Hanford Site Rail System Southern Connection” or more simply “the Line” between MP 18.84 at

Richland Junction and MP 29.73 at Horn Rapids Road at Richland, WA.¹ The Line consists of approximately 16 miles of track of which 11 are “mainline” track and the rest are sidings.

The United States Government’s Atomic Energy Commission (“AEC”), now the US Department of Energy (“DOE”), originally constructed the Line in 1947 to provide rail service to the Hanford Nuclear Reservation. The AEC granted predecessors of BNSF Railway (“BNSF”) and the Union Pacific Railroad (“UP”) “equal joint” operating rights to allow them to serve that facility and those other customers that would eventually locate on the Line.² Pursuant to an Indenture dated October 1, 1998, POB acquired the subject Line from DOE with BNSF and UP remaining as the carriers operating over it and having equal access to all customers.³ Simultaneously the Port entered into an agreement with Livingston Rebuild Center, Inc., a predecessor of TCRY, to maintain the Line at POB’s

¹ *Tri-City Railroad Company, L.L.C.--Lease and Operation Exemption--Rail Line of the Port of Benton in Richland, WA*, FD 33888, STB served June 23, 2000. The Board’s decision purports to authorize TCRY to operate both the “Hanford Site Rail System Southern Connection” and track north of Horn Rapids Road known as “the Northern Connection” that is still owned by DOE. However, TCRY has never consummated the authority to operate the northern segment as DOE has not granted it any access rights. POB had also filed a notice of exemption with the Board for “substitution of operators” but it withdrew that notice as unnecessary in view of TCRY’s filing. *Port of Benton Change in Operator Exemption-Tri-City Railroad Company, L.L.C.*, FD 33881, STB served October 20, 2000.

² *Northern Pacific Railway, Et Al. Trackage Rights Etc.*, FD 15925 (ICC served 1948).

³ *See Port of Benton--Acquisition and Operation Exemption--U.S. Department of Energy Rail Line in Richland, WA*, STB Finance Docket No. 33653 (STB served Oct. 6, 1998).

expense.⁴ Pursuant to a 10-year Lease Agreement dated Aug. 1, 2002, TCRY began operating over as well as maintaining the Line for its own account. That agreement automatically renewed at the end of the 10-year term absent any material defaults.

In the past several years numerous disagreements have developed between POB and TCRY resulting in substantial litigation between TCRY, on the one hand, and both the Port and BNSF, on the other hand.⁵ POB submits with this application a verified statement from its Commission President Roy D. Keck attesting to these facts (“Keck V.S.”). Unable to resolve these disputes through negotiation, POB has provided TCRY with notice that it is in default of its lease obligations. POB asserts that TCRY has committed material breaches of its lease obligations. Among them, TCRY has failed to maintain the Line and its bridges as required under the terms of the lease resulting in the finding of numerous track defects, the issuance of one or more civil violations, and the need to reclassify track as “excepted.” TCRY has repeatedly failed or refused to provide POB with plans to address deferred track maintenance and bridge repairs. Similarly, it has failed or refused to provide POB with requested financial information showing

⁴ Although the maintenance agreement purports to grant TCRY the right to initiate its own operations over The Line, it did not begin providing common carrier rail service until 2002.

⁵ Styled as *BNSF Railway Company v. Tri-City & Olympia Railroad Company, LLC*, CV-09-5062-EFS (E.D. Wash.). UP also intervened in that case in support of plaintiffs.

maintenance costs or supporting its claims for the need to impose maintenance surcharges. Keck V.S. at 4, 5, 6 and 8. TCRY has attempted to impose various surcharges on the Line or its customers without obtaining prior POB consent as the lease requires. Keck V.S. at 6 and 8. On one or more occasions TCRY has erected blockades to prevent BNSF or UP from serving customers on the Line that they are entitled to serve under the 1947 agreement. Efforts to resolve those defaults have not been successful. Keck V.S. at 3, 4, 8, and 7. Mr. Keck identifies these breaches and efforts to resolve them.

In view of POB's inability to resolve its disputes with TCRY amicably, the Port has decided to terminate TCRY's lease and to evict TCRY from the entire Line.⁶ Service to customers will not be affected because both BNSF and UP hold operating rights to serve all customers and have stated their willingness to provide all service once TCRY service ceases.⁷

In anticipation of filing this application, POB petitioned the Board on August 28, 2018, for a Partial Waiver of Regulations and For Exemptions. Specifically, POB sought to be excused from compliance with certain requirements associated with abandonment applications that would be inappropriate or difficult for an adverse applicant such as itself to satisfy. TCRY responded on September 12, 2018, in a document entitled "Petition to Stay or Dismiss," as supplemented on

⁶ A copy of POB's correspondence advising TCRY of termination is attached as Ex. A.

⁷ See letters from UP and BNSF attached as Exs. D and E.

September 19, 2018. POB replied to TCRY's Petition on September 27, 2018. By decision served on October 31, 2018, the Board substantially granted POB's waiver and exemption requests. Specifically, the Board allowed POB to publish and distribute a modified notice of intent and use a modified Federal Register notice, relieved it from having to comply with the system diagram map requirement, and granted its requests to be relieved from providing information about the service provided, revenue and cost data, and rural and community impacts. The Board exempted the application from the offer of financial assistance provisions, consummation notification, and environmental and historic reporting requirements. The Board required the Port to provide any information it has on the physical condition of the Line. The Port submits a verified statement by the Port's engineer Roger Wright in response to that requirement.

III. INFORMATION REQUIRED FOR THE APPLICATION

(a) General

- (1) Exact name of the applicant: Port of Benton.
- (2) Whether applicant is a common carrier by railroad subject to 49 U.S.C. Subtitle IV, Chapter 105: Applicant is a nonoperating common carrier railroad subject to 49 U.S.C. Subtitle IV, Chapter 105

by reason of its having acquired the subject Line from the Atomic Energy Commission.

(3)Relief sought: The adverse discontinuance of rail service provided by TCRY.

(4)Detailed map of the subject Line: Attached hereto as Appendix 1.

(5)Reference to inclusion of the Line that is the subject of this discontinuance application on the carrier's system diagram map.

None provided as the Board waived this requirement.

(6)Detailed reasons for the filing this application: As explained above and in the verified statement of POB Commission President Roy D. Keck, TCRY has committed numerous material breaches of its lease agreement and has made no effort to cure those breaches. Keck V.S. at 4-9. Accordingly, the Port has provided TCRY with notice of termination. POB files this application in order to obtain a decision permitting discontinuance and removing the preemptive shield around this line so that it can pursue eviction remedies in state court.

(7)Name, title, and address of applicant's representative to whom correspondence should be sent:

(8)John D. Heffner
Sloane S. Carlough
Clark Hill PLC

1001 Pennsylvania Ave., N.W.
Suite 1300 South
Washington, D.C. 20004
(202) 572-8629

And

Eric M. Hocky
Clark Hill PLC
2005 Market Street
Philadelphia, PA 19103
(215) 640-8523

- (9) List of all United States Postal Service Zip Codes that the subject Line traverses: 99336, 99352, 99354
- (b) Condition of the properties: The Port attaches a verified statement of its engineering consultant Roger Wright, describing the condition of the property to the best of the Port's knowledge.
- (c) Services provided: requirement waived by the October 31 decision.
- (d) Revenue and cost data: requirement waived by the October 31 decision.
- (e) Rural and community impact: requirement waived by the October 31 decision.
- (f) Environmental impact and historic information: requirement waived by the October 31 decision.
- (g) Passenger service. No passenger service is provided over the Line.

- (h) Additional information. Applicant will submit such additional information to support this application as the Board may require.
- (i) Draft Federal Register Notice. Attached hereto as Appendix 3.
- (j) Verification. Applicant attaches the verification of Commission President Roy D. Keck to his statement.

IV. LEGAL ARGUMENT

POB's application presents a classic example for granting an adverse discontinuance request. POB is the owner of the subject rail line and therefore, absent compelling evidence of contrary shipper needs, should be entitled to choose the carrier that is its tenant and contract operator. *Cf. Jacksonville Port Authority—Adverse Abandonment—In Duval County, FL*, Docket AB-469, slip op. (STB served July 17, 1996)(cited as *Jacksonville*) (“any person may initiate an abandonment or discontinuance proposal subject to establishing a proper interest in the proceeding...”). However, federal preemption precludes the Port's ability to evict TCRY from the Line under state landlord and tenant law. In order that POB can commence eviction proceedings, federal law requires that it must first remove that preemptive shield by obtaining discontinuance authority. *Tacoma Eastern Railway Company—Adverse Discontinuance of Operations Application*, Docket

AB-548, slip op. at 7, (STB served Oct. 16, 1998)(cited as *Tacoma*)("the former Interstate Commerce Commission and now the Board have found that a finding that the public convenience and necessity requires or permits abandonment or discontinuance terminates our exclusive and plenary jurisdiction over the line, enabling interested parties to undertake other legal remedies to effectively remove a carrier from a line"); *Jacksonville, supra* at 6 ("this agency's jurisdiction may not be cited [in a court of law] to shield a carrier from the legitimate processes of state law").

As Mr. Keck discusses in great detail in his statement, the relationship between POB and TCRY has become very contentious and litigious with the result that the parties cannot work harmoniously together to promote the Port's goal of economic development and the tenant railroad's desire to run a safe and profitable business serving its customer base. Keck V.S. at 1, 2, and 4. The Port believes that TCRY has committed numerous material breaches of its lease obligations leading POB to find the railroad in default. Keck V.S. at 4-8. On-line customers have voiced their displeasure at both TCRY's service and the attitude displayed by railroad management. POB attaches to this application several letters from shippers supporting TCRY's removal. See Exs. B, and C. Furthermore, both BNSF and UP are unhappy with their relationships with TCRY and support removal. See, letters from UP and BNSF attached as Exhibits D and E. Both

carriers have the access rights and willingness to provide local service on the Line so no customer will lose service.

As a general matter the Board utilizes the public convenience and necessity standard to decide adverse abandonment and discontinuance cases as it employs generally in adjudicating abandonment requests. Under this standard, the Board balances the competing benefits and burdens of abandonment or discontinuance on all interested parties, including the railroad, the shippers on the line, the communities involved, and interstate commerce generally. *Waterloo Ry.—Adverse Aban.—Lines of Bangor & Aroostook R.R. in Aroostook Cty., Me.*, AB 124 (Sub-No. 2) et al., slip op. at 4 (STB served May 3, 2004) (citing *City of Cherokee v. ICC*, 727 F.2d 748 (8th Cir. 1984)); *see also N.Y. Cross Harbor R.R. v. STB*, 374 F.3d 1177, 1183 (D.C. Cir. 2004). “The function of the Board’s regulatory authority with respect to abandonments or discontinuance of rail service is to provide the public with a degree of protection against the unnecessary discontinuance, cessation, interruption, or obstruction of available rail service.” *Waterloo Ry.*, AB 124 (Sub-No. 2) et al., slip op. at 5. Additionally, “the Board shall consider whether the abandonment or discontinuance will have a serious, adverse impact on rural and community development.” 49 U.S.C. § 10903(d). In an adverse discontinuance case, the burden of proof is on the applicant. *State of*

S.D. ex rel. Dept. of Transp.—Adverse Discontinuance of Operating Auth.—Napa-Platte Reg'l R.R. Auth., AB 1253 (STB served June 27, 2018).

The Port has reviewed adverse discontinuance precedent from both the Board and the Interstate Commerce Commission before it and concludes that the circumstances here clearly warrant granting the requested relief, thereby removing the Board's primary jurisdiction over the discontinuance of rail service and allowing the Port to pursue whatever relief it may need under state law to permanently remove TCRY from the Line. *See. e.g., Jacksonville, Tacoma, and Cheatham County Rail Authority "Application and Petition" for Adverse Discontinuance*, Docket No. AB-379X, slip op. at 1, 3 (ICC served Nov. 4, 1992)(*Cheatham County*). According to Mr. Keck, TCRY has failed to maintain the track and bridges on the Line to the standard required by the lease and has failed to provide the Port with financial records and information about its maintenance work when requested. *Keck V.S.* at 4-8. As Mr. Keck notes, the FRA has noted numerous track defects for which it has issued civil violations. *Keck V.S.* at 4-5. Numerous defective ties were found on the Yakima River Bridge, and repairs ordered to be completed by the FRA. TCRY ordered replacement ties, then failed to install them for several months past the due date provided by the FRA. TCRY then decided to declare the entire line as "excepted track" and the track speed was lowered to 5 mph. *Keck V.S.* at 5. Despite

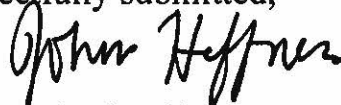
numerous requests from the Port, TCRY has failed or refused to provide any bridge safety management program, permits, or scope of work in connection with bridge repairs. Keck V.S. at 5 and 8. Aside from track and bridge maintenance, TCRY has, in the past, erected blockades to prevent BNSF from serving customers for which it has access under the 1947 agreement. Keck V.S. at 4, 5, and 8. Several of these agreement violations have been noted in other adverse discontinuance cases granted by the Board and the ICC. *See, e.g., Tacoma* (failure to provide financial and other information on a timely basis; failure to maintain track; difficulty cooperating with the line's owner) and *Cheatham County* (incumbent tenant-operator did not provide financial information requested by the line's owner and operator cut off service after dispute with a customer when the carrier attempted to impose unauthorized tariffs and surcharges). Moreover, in most of the adverse discontinuance cases approved by the Board, shippers have supported the applicant and favored replacing the incumbent carrier with a new railroad. *See, Tacoma, supra; Cheatham County, supra, and Fore River RR. Corp.--Discon. Exempt.--Norfolk County, MA*, 8 I.C.C.2d 307, 310 (1992). Relations with customers, BNSF, and UP have become so contentious to the point of threatening the movement of freight in violation of TCRY's common carrier obligation.

The handful of adverse discontinuance applications denied by the Board are readily distinguishable from the case at hand. Most recently, the Board denied an application by the Boston and Maine Corporation and its subsidiary the Springfield Terminal Railway for discontinuance of operations by its tenant, the Milford-Bennington Railroad Company. *Boston and Maine Corporation and Springfield Terminal Railway Company-Application for Adverse Discontinuance of Operating Authority-Milford-Bennington Railroad Company, Inc.*, Docket AB. 1256, STB served October 12, 2018. That applicant had proposed to resume providing service over the Line once it had removed its tenant with the result that the new service would be a joint line service between the applicant on its line and the tenant on another line it operated. Among other reasons cited, the Board found that the new operation would be less efficient, less safe, and less satisfactory for meeting the customer's needs. Significantly, the one current shipper, the one potential shipper, and local officials all opposed the application and supported the tenant railroad. But unlike *Boston and Maine*, the some of the Port's shippers and public officials support discontinuance as was the case with other adverse discontinuance precedent cited. Other shippers were reluctant to make a statement for fear of retribution or litigation by TCRY. And the two connecting Class I carriers, BNSF and UP, also support the Port's application.

V.
CONCLUSION

The public convenience and necessity standard supports POB's request for the adverse discontinuance of service by TCRY. The Port requests that the Board issue a decision to that effect thereby removing the preemptive shield of the ICC Termination Act so that the Port may use state law remedies to evict TCRY from the Line if it is unwilling to vacate the premises voluntarily.

Respectfully submitted,



Submitted by
John D. Heffner
Sloane S. Carlough
Clark Hill PLC
1001 Pennsylvania Ave., N.W.
Suite 1300 South
Washington, D.C. 20004
(202) 572-8629

Eric M. Hocky
Clark Hill PLC
2005 Market Street
Philadelphia, PA 19103
(215) 640-8523

Dated: February 22, 2019

APPENDIX 1

Map

[illegible]

APPENDIX 2

Notice of Intent

BEFORE THE SURFACE TRANSPORTATION BOARD

PORT OF BENTON, WA ADVERSE DISCONTINUANCE OF RAIL SERVICE TRI-CITY RAILROAD COMPANY, LLC

STB DOCKET NO. AB-1270

The Port of Benton (“POB” or “Applicant”) gives notice that on or after February 22, 2019, about it intends to file with the Surface Transportation Board, Washington, DC 20423, an application for permission for the discontinuance of service by the incumbent carrier Tri-City Railroad Company, LLC (“TCRY”) over a line of railroad known as the Southern Connection (“the Line”) extending from railroad milepost 18.84 near Richland Junction to MP 29.73 near Horn Rapids Road, which traverses through United States Postal Service ZIP Codes 99336, 99352, and 99354, a distance of 10.89 miles, in Benton County, Washington. The Line includes the stations of Richland Junction (MP 18.84), Steptoe Street (MP 19.63), Irrigation Canal Bridge (MP 19.74), Columbia Park Trail Overpass (MP 19.96), Yakima River Bridge (MP 21.0), Pedestrian Bike Path (MP 21.14), City

Dock (MP 21.51), Jadwin Avenue (MP 22.03), Berry's Overpass Bridge (MP 22.64), Duportail Street (MP 23.60), Cemetery Road (MP 24.47), Van Giesen Street (MP 25.45), Airport Way (MP 26.04), Lamb Weston (MP 26.46), ConAgra (no milepost), Saint Street (MP 26.92), State Highway 240 (MP 26.97), TCRY Yard (MP 27.40), N. Ladder (MP 28.59), City Track (MP W28.9), Battelle Blvd. (MP 29.22), and Horn Rapids Road (MP 29.73).

The reason for the proposed discontinuance is that TCRY is in default of its obligations under the lease with POB, the Line's owner, and POB believes this dispute cannot be resolved through negotiations. Accordingly, POB intends to commence an eviction proceeding against TCRY once the Board approves this application. Based on information in our possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

To the extent that any railroad employees are adversely affected by this action, the interest of railroad employees will be protected by conditions imposed in *Oregon Short Line Railroad – Abandonment, Goshen Branch*, 360 I.C.C. 91 (1979).

The application, when filed, can be viewed following its filing on the Board's website, www.stb.gov, or a copy can be obtained from POB's counsel, whose name and address appear below. The application will include the

applicant's entire case for discontinuance. Any interested person, after the application is filed on or after February 22, 2019, may file with the Surface Transportation Board written comments concerning the proposed discontinuance or protests to it identifying it by the proceeding's docket number. These filings are due 45 days from the date of filing of the application. Persons who may oppose the discontinuance but who do not wish to participate fully in the process by appearing at any oral hearings or by submitting verified statements of witnesses, containing detailed evidence, should file comments. Persons opposing the proposed discontinuance that do wish to participate actively and fully in the process should file a protest. Protests must contain that party's entire case in opposition (case in chief) including the following: (1) the protestant's name, address and business; (2) the protestant's interest in the proceeding including their use of the Line or the public interest represented; (3) the protestant's reasons for protesting or commenting on the proposed discontinuance including their reliance on the involved service; and (4) any rebuttal of material submitted in the application.

Comments or protests need to be notarized or verified, and an unbound original and ten copies are required to be filed with the Secretary of the Board, at 395 E Street, S.W., Suite 100, Washington, D.C. 20024, together with a certificate of service attesting that copies of the comments or protests have been served on Applicant's counsel in this matter, John D. Heffner, Clark Hill, PLC, 1001

Pennsylvania Ave., N.W., Suite 1300 South, Washington, D.C. 20004 or jheffner@clarkhill.com and Eric Hocky, Clark Hill, PLC, 2005 Market Street, Philadelphia, PA 19103 or ehocky@clarkhill.com. Written comments and protests must indicate the docket number, STB AB-1270.

Except as otherwise set forth in 49 CFR §1152, each document filed with the Board must be served on all parties to the discontinuance proceeding. Comments and protests will be considered by the Board in determining what disposition to make of the application. The commenting party or protestant may participate in the proceeding as its interests may appear.

If an oral hearing is desired, the requester must make a request for an oral hearing and provide reasons why an oral hearing is necessary. Oral hearing requests must be filed with the Board no later than 10 days after the application is filed.

Those parties filing protests to the proposed discontinuance should be prepared to participate actively either in an oral hearing or through the submission of their entire opposition case in the form of verified statements and arguments at the time they file a protest. Parties seeking information concerning the filing of protests should refer to § 1152.25.

Persons seeking further information concerning discontinuance procedures may contact the Board's Office of Public Assistance, Government Assistance and

Compliance at (202) 245-0230 or refer to the text of the discontinuance regulations at 49 CFR §1152.1 *et seq.*

APPENDIX 3

Draft Federal Register Notice

BEFORE THE
SURFACE TRANSPORTATION BOARD

PORT OF BENTON, WA
ADVERSE DISCONTINUANCE OF RAIL SERVICE
TRI-CITY RAILROAD COMPANY, LLC

STB DOCKET NO. AB-1270

The Port of Benton (“POB” or “Applicant”) gives notice that on or after February 22, 2019, it intends to file with the Surface Transportation Board, Washington, D.C. 20423, an application seeking the adverse discontinuance of service by the incumbent rail carrier Tri-City Railroad Company, LLC (“TCRY”), on a rail line of railroad known as Southern Connection (“the Line”) extending from railroad milepost 18.84 near Richland Junction to MP 29.73 near Horn Rapids Road, which traverses through United States Postal Service ZIP Codes 99336, 99352, and 99354, a distance of 10.89 miles, in Benton County, Washington. The Line includes the stations of Richland Junction (MP 18.84), Steptoe Street (MP 19.63), Irrigation Canal Bridge (MP 19.74), Columbia Park Trail Overpass (MP 19.96), Yakima River Bridge (MP 21.0), Pedestrian Bike Path (MP 21.14), City Dock (MP 21.51), Jadwin Avenue (MP 22.03), Berry’s Overpass Bridge (MP 22.64), Duportail Street (MP 23.60), Cemetery Road (MP 24.47), Van Giesen Street (MP 25.45), Airport Way (MP 26.04), Lamb Weston (MP 26.46),

ConAgra (no milepost) , Saint Street (MP 26.92), State Highway 240 (MP 26.97), TCRY Yard (MP 27.40), N. Ladder (MP 28.59), City Track (MP W28.9), Battelle Blvd. (MP 29.22), and Horn Rapids Road (MP 29.73). The reason for the proposed discontinuance is that TCRY is in default of its obligations under the lease with POB, the Line's owner, and POB believes this dispute cannot be resolved through negotiations. Accordingly, POB intends to commence an eviction proceeding against TCRY once the Board approves this application.

The Line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it. The application, when filed, can be viewed following its filing on the Board's website, www.stb.gov, or a copy can be obtained from POB's counsel, whose name and address appear below. The Applicant's entire case for discontinuance will be filed with the application.

Any interested person may file with the Surface Transportation Board its written comments or protest concerning the proposed discontinuance within 45 days after the application is filed identifying it by the proceeding's docket number. Persons who may oppose the discontinuance but who do not wish to participate fully in the process by appearing at any oral hearings or by submitting verified statements of witnesses, containing detailed evidence should file comments. Persons opposing the proposed discontinuance that do wish to participate actively

and fully in the process should file a protest. Protests must contain that party's entire case in opposition (case in chief) including the following: (1) the protestant's name, address and business; (2) the protestant's interest in the proceeding including their use of the Line or the public interest represented; (3) the protestant's reasons for protesting or commenting on the proposed discontinuance including their reliance on the involved service; and (4) any rebuttal of material submitted in the application.

Written comments and protests must indicate the proceeding designation STB No. AB 1270 and should be filed with the Chief, Section of Administration, Office of Proceedings, Surface Transportation Board (Board), Washington, DC 20423-0001, no later than April 8, 2019, 45 days after the date that POB files its application. Interested persons may file a written comment or protest with the Board to become a party to this discontinuance proceeding. A copy of each written comment or protest shall be served upon the representatives of the Applicant, John D. Heffner, Clark Hill, PLC, 1001 Pennsylvania Ave., N.W., Suite 1300 South, Washington, D.C. 20004 or jheffner@clarkhill.com and Eric Hocky, Clark Hill, PLC, 2005 Market Street, Philadelphia, PA 19103 or ehocky@clarkhill.com. The original and 10 copies of all comments or protests shall be filed with the Board with a certificate of service. Except as otherwise set forth in part 1152, every

document filed with the Board must be served on all parties to the discontinuance proceeding. 49 CFR §1104.12(a).

Persons seeking further information concerning discontinuance procedures may contact the Board's Office of Public Assistance, Government Assistance and Compliance at (202) 245-0230 or refer to the text of the discontinuance regulations at 49 CFR §1152.1 *et seq.*



December 19, 2018

Randolph Peterson
Tri-City Railroad Company, L.L.C.
2355 Stevens Drive
P.O. Box 1700
Richland, WA 99352

*Sent via certified mail and
email at rvpeterson@me.com*

Randolph Peterson
Tri-City Railroad Company
10 N. Washington
P.O. Box 6000
Kennewick, WA 99336

*Sent via certified mail and
email at rvpeterson@mac.com*

Re: Notice of Termination

Dear Mr. Peterson:

On September 14, 2018, the Port sent correspondence to TCRY listing numerous defaults and material breaches of the Lease Agreement between TCRY and the Port of Benton signed August 1, 2002. The Port has given TCRY a substantial period of time to cure all of the defaults, but TCRY has failed to do so. **This letter shall serve as notice that the Port intends to terminate the Lease Agreement between the Port and TCRY effective thirty days from receipt of this letter.**

The basis for termination of the Lease Agreement may be found in Section 15 of the Lease, which provides as most relevant here:

15. PORTS REMEDIES. If any default by Tenant continues uncured after receipt of written notice of default and the period to cure as required by this Lease, for the period applicable to the default, subject to the provisions of Section 13, the Port has the following remedies in addition to all other rights and remedies provided by law or equity to which Port may resort cumulatively or in the alternative:

"15.2 Port may elect to terminate this Lease and any and all interest and claim of Tenant by virtue of such lease, whether such interest or claim is existing or prospective, and to terminate all interest of Tenant in the Property and any improvements or fixtures thereon (except trade fixtures). In the event this Lease is terminated, all obligations and indebtedness of Tenant to Port arising out of this Lease prior to the date of termination shall survive such termination...."

As you are probably aware, the Port has initiated proceedings at the Surface Transportation Board to seek the adverse discontinuance of TCRY's operations. We anticipate an application will be filed with the Board shortly after the first of the New Year.

Under federal law TCRY may not actually terminate service until the Board issues a decision authorizing discontinuance of operations. See, *Cheatham County Rail Authority "Application and Petition" for Adverse Discontinuance*, Docket No. AB-379X (ICC served Nov. 4, 1992).

Please contact the Port to discuss whether TCRY will willingly vacate the buildings, return Port-owned equipment, and cease operations of the railroad. If not, once the Board approves the Port's discontinuance application, it will be forced to bring formal eviction proceedings, which will seek additional costs, including but not limited to, attorney's fees.

Best regards,



DAVID J. BILLETDEAUX
Attorney

CC: Rob Crichton
John Heffner

EXHIBIT B

DELHUR INDUSTRIES, INC.
GENERAL CONTRACTORS
DELHUI15804

1933 Jadwin Avenue, Suite 205
Richland, WA 99354
P.O. Box 5270
West Richland, WA 99353
509.371.0678
FAX 509.371.0943

December 17, 2018

Ms. Cynthia T. Brown
Surface Transportation Board
395 E. Street. S.W.
Washington, D.C. 20423

30607 Oldfield Street
P.O. Box 883
Hermiston, OR 97838
541.567.8693
FAX 541.567.0369
E-mail: dh@delhur.com
ywhitbeck@delhur.com

RE: STB Docket No. AB-1270, Port of Benton, WA, Adverse Discontinuance of Rail Service Tri-City Railroad Company, LLCV

Dear Ms. Brown

I am writing in support of the application that the Port of Benton is filing for the adverse discontinuance of rail service by the incumbent carrier-lessee of the Port's rail line, Tri-City Railroad Company, LLC ("TCRY"). It is my understanding that both BNSF Railway and the Union Pacific Railroad have the legal right to serve my facility directly under the terms of an agreement between the line's former owner, the US Atomic Energy Commission, and the predecessors of both BNSF and UP.

In April of 2008 I leased a rail siding owned by the City of Richland for the purpose of trans loading bulk bentonite from BNSF railcars into pneumatic trailers for transport to a contract I had on the Hanford site. Prior to leasing the siding both the City of Richland and BNSF confirmed that BNSF railways could direct ship to me and spot the rail cars on my siding without going through TCRY. Of course during this time TCRY was verbally telling me that all shipments to the City owned horn rapids track had to go through TCRY. When TCRY was notified by BNSF that freight was scheduled to be spotted on my siding on a certain day by BNSF, TCRY blocked the horn rapids track with their locomotives to prevent BNSF from delivering to my siding. Because of TCRY blatant and negligent actions BNSF could not deliver my freight and had to take legal action against TCRY to get their locomotives blocking the tracks removed. The legal process that BNSF had to take took approximately one week. In short this obstruction and delay obviously caused financial damage to both BNSF and I. This is the one example of the unethical and unprofessional business practices of TCRY that I had to experience. In April of 2010 I purchased ten acres from the City that had rail frontage along the property. I constructed my own rail siding and have been a customers of BNSF to this present day. It is exciting to hear that if need be I can now also do business direct with Union Pacific Railroad without having to deal with TCRY as their short line operator.

Thank you,

John Doyle
Secretary/Treasurer, Vice President of Operations



Ms. Cynthia T. Brown
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

**RE: STB Docket No. AB-1270, Port of Benton, WA, Adverse Discontinuance of Rail Service
Tri-City Railroad Company, LLCV**

Dear Ms. Brown:

I am writing this letter to express our support for the application filed by the Port of Benton for the adverse discontinuance of rail service by the incumbent carrier-lessee of the Port's rail line, the Tri-city railroad Company, LLC (TCRY). I understand that the BNSF and the UPRR have the legal right to serve our facility in Richland, Wa. which is accessed from a switch off of the rail track owned by the City of Richland. To get to the city's track and thus CWCP's spur all cars must pass over tracks owned by the Port of Benton. It is my understanding that the agreement between the US Atomic Energy Commission and the BNSF and UPRR is decades old and that the POB inherited that agreement upon acquiring its tracks from the DOE in 1998.

It is my understanding that the TCRY began its operation in 2002. CWCP and or some of their owners began operations in Richland sometime in 2006. Over the years the service provided by the TCRY and thus our relationship with them has deteriorated to the point that CWCP refuses to allow the TCRY to service our facility. All cars currently received at our facility are directly served by either the BNSF or the UPRR. The service by the BNSF and the UPRR has worked very well. Between 2009 and late 2015 we attempted to operate our business from a location which was exclusively controlled by the TCRY. The TCRY denied our right to receive BN cars and we were told that we could only receive UP cars. Due to that situation we had to take all of our BNSF cars to another site at great cost to us. We spent many millions of dollars to build a facility free from the TCRY (only a few hundred feet away). Once our new facility was completed in 2015 all of our operations were consolidated and operated without any service by the TCRY.

During the time which we were served by the TCRY we were told that they had raised their switching fees on occasion and attempted other rate hikes but were thwarted. All rate hikes directly affect our business. CWCP supports the Port in its plan to replace the TCRY with the BNSF and UPRR direct service.

Thank you for allowing CWCP to express its position on the Ports application

Sincerely,

Dennis Kylo - President
Central Washington Corn Processors, Inc.
509-994-5968
dennisk@cwcorn.com



BUILDING AMERICA®

January 25, 2019

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Re: STB Docket No. AB-1270

Dear Ms. Brown:

I am writing to express Union Pacific's support of the application for adverse discontinuance filed by the Port of Benton ("POB") in the above-captioned proceeding. Union Pacific's primary concern is that customers located on the line currently maintained by Tri-City Railroad Company ("TCRY") continue to receive reliable rail service. As explained below, TCRY's failure to maintain the Line has caused difficulty in Union Pacific's ability to serve customers. Fortunately, these disruptions have so far been relatively minor. However, these incidents demonstrate an ongoing pattern of inadequate maintenance that shows no signs of improving. It is our understanding that POB's application is required in order for POB to remove TCRY as the maintainer of the line and find a new entity to maintain it. As shown by the incidents below, service on the line has been impacted by TCRY's maintenance. It is our hope that a new entity would be able to better maintain the line.

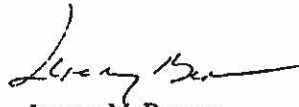
Below is a summary of recent service interruptions on the line experienced by Union Pacific.

1. On June 24, 2018, the signals at the Steptoe Crossing (310397T) went out of service. This required Union Pacific to stop trains at the crossing and manually protect the train's movement through the crossing with a crew member. This 'stop of protect' order delays Union Pacific's service to customers as it requires the train to stop at the crossing. A stop and protect order also creates safety concerns for drivers at the crossing who no longer have the benefit of the signal lights to see that the crossing is occupied. On June 26, while the signals were still not functioning, there was a traffic accident at the crossing that, according to a witness, was caused when a car did not see a train at the crossing and stopped suddenly to avoid hitting the train. The signals were out of service until June 28, 2018. When UP is required to stop and protect the Steptoe Crossing, we are also limited to 15 car trains, instead of the usual 20-25 cars trains, because after the train stops there is insufficient room to accelerate to climb a grade just beyond the crossing with a longer train.
2. From July 13, 2018 – July 20, 2018, trains on the Line were limited to a maximum speed of 10 miles per hour. According to TCRY, this was due to "due to heavy train traffic, hot weather and reduced maintenance window from 1 to 6 pm."
3. On July 13, 2018, the signals at the Duportail Crossing (310392J) went out of service. This required Union Pacific to stop and protect the crossing, as described above. The signals remained out of service for 6 days, until July 19, 2018.

4. On July 17, 2018, Union Pacific's train was delayed because TCRY was operating a hi-rail vehicle on the track. TCRY failed to provide Union Pacific with notice of this event as required under the operating agreement among UP, BNSF, TCRY, and POB.
5. On August 1, 2018, TCRY notified Union Pacific that the maximum speed for trains over the Yakima River Bridge is now 5 miles per hour. This slows Union Pacific's operations and also requires us to operate 15 car trains instead of the usual 20-25 car trains due to the proximity of the bridge to a steep grade that is difficult for trains to climb at low speeds. This results in a reduced level of customer service.
6. On August 8, 2018, the signals at the Steptoe Crossing and Cemetery Crossing (310389B) went out of service, requiring Union Pacific to stop and protect the crossings. The signals were out of service for one day.
7. On August 28, 2018, the signals at the Duportail Crossing went out of service. The signals remained out of service for 5 days, until September 2, 2018.
8. On September 10, 2018, Union Pacific received notice that the entirety of the TCRY-maintained line was in FRA Excepted Track status. This means trains operating over the track have a maximum speed of 10 miles per hour.
9. On November 27, 2018, the signals at the Airport Crossing (310402M) went out of service. The signals remained out of service for approximately two weeks.
10. On November 30, 2018, the signals at the Van Giesen Crossing (310386F) went out of service. This crossing was still out of service as of the date of this letter.
11. On December 19, 2018, the signals at the Steptoe Crossing went out of service. The signals remained out of service for 1 day, until December 20, 2018.

We strongly encourage the Board to grant POB's application so that POB may remove TCRY from the line. Please feel free to contact me if you have any questions or would like additional information.

Sincerely,



Jeremy M. Berman

Peter W. Denton
202 429 6445
pdenton@step toe.com



1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.step toe.com

February 11, 2019

Cynthia Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, S.W.
Washington, DC 20423

Re: Docket No. AB-1270, *Port of Benton, WA—Adverse Discontinuance of Rail Service—Tri-City Railroad Company, LLC*

Dear Ms. Brown:

BNSF Railway Company (“BNSF”) hereby notifies the Surface Transportation Board (“Board”) of BNSF’s support for the Application for Adverse Discontinuance of Rail Service (“Application”) filed in this proceeding by the Port of Benton, Washington (the “Port”).

As noted by the Port in its Application, BNSF and Union Pacific Railroad Company have “equal joint” operating rights over the rail line owned by the Port and leased by Tri-City Railroad Company, LLC (“Tri-City”) that is the subject of the Application (the “Line”). *See also Tri-City R.R. Co., LLC—Petition for Declaratory Order*, FD-36037, slip op. at 2 n.3 (STB served June 1, 2017) (describing the history of the ownership of the line and BNSF’s trackage rights).

BNSF has significant concerns regarding operational issues in the Richland, WA area relating to Tri-City’s failure to maintain the Line, over which Tri-City no longer operates or serves customers. BNSF fully supports the Port’s termination of Tri-City’s lease, the Port’s eviction of Tri-City from the Line, and the Port’s efforts to obtain authority from the Board to discontinue Tri-City’s operating rights over the Line. BNSF remains willing to continue serving customers on the Line, pursuant to BNSF’s operating rights on the Line.

If you have any questions, please contact me.

Ms. Cynthia Brown
February 11, 2019
Page 2



Sincerely,

A handwritten signature in black ink, appearing to read "Peter W. Denton", with a long horizontal flourish extending to the right.

Peter W. Denton
Attorney for BNSF Railway Company

cc: All parties of record



LEGAL PROOF OF PUBLICATION

Account #	Ad Number	Identification	PO	Amount	Cols	Lines
449509	0004087292	Notice of Intent to File An Application for Discontin	Legal Ad for TCH	\$1,118.60	1	180

Attention: Kelly Thompson

PORT OF BENTON
3250 PORT OF BENTON BLVD
RICHLAND, WA 99354

AFFIDAVIT OF PUBLICATION

COUNTY OF BENTON)

.SS

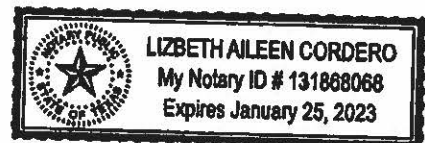
STATE OF WASHINGTON)

Stefani Beard, being duly sworn, deposes and says, I am the Legals Clerk of The Tri-City Herald, a daily newspaper. That said newspaper is a local newspaper and has been approved as a legal newspaper by order of the superior court in the county in which it is published and it is now and has been for more than six months prior to the date of the publications hereinafter referred to, published continually as a daily newspaper in Benton County, Washington. That the attached is a true copy as it was printed in the regular and entire issue of the Tri-City Herald and not in a supplement thereof, ran 3 time(s) commencing on 02/03/2019, and ending on 02/17/2019, and that said newspaper was regularly distributed to its subscribers during all of this period.

Stefani Beard
(Signature of Legals Clerk)

SUBSCRIBED AND SWORN BEFORE ME
THIS 20th DAY OF February, 2019

Lizbeth Aileen Cordero



Notice of Intent to File
An Application for Discontinuance
Of Rail Service
BEFORE THE
SURFACE TRANSPORTATION BOARD
PORT OF BENTON, WA
ADVERSE DISCONTINUANCE OF RAIL
SERVICE
TRI-CITY RAILROAD COMPANY, LLC
STB DOCKET NO. AS-1270

The Port of Benton ("POB") or "Applicant" gives notice that on or after February 17, 2019, about it intends to file with the Surface Transportation Board, Washington, DC 20423, an application for permission for the discontinuance of service by the applicant carrier Tri-City Railroad Company, LLC ("TCRY") over a line of railroad known as the Southern Connection ("the Line") extending from railroad milepost 18.84 near Richland Junction to MP 29.73 near Horn Rapids Road, which traverses through United States Postal Service ZIP Codes 99336, 99362, and 99354, a distance of 10.89 miles in Benton County, Washington. The Line includes the stations of Richland Junction (MP 18.84), Staples Street (MP 19.63), Irrigation Canal Bridge (MP 19.74), Columbia Park Trail Overpass (MP 19.98), Yakima River Bridge (MP 21.0), Pedestrian Bike Path (MP 21.14), City Dock (MP 21.51), Jordan Avenue (MP 22.03), Berry's Overpass Bridge (MP 22.64), Dupont Street (MP 23.00), Cemetery Road (MP 24.47), Van Gieson 220988947.1 00998/09988-4171 Street (MP 25.48), Airport Way (MP 26.34), Lamp Western (MP 26.46), ConAgra (no mile post), Bent Street (MP 26.92), State Highway 240 (MP 26.97), TCry Yard (MP 27.40), N. Ladder (MP 28.58), City Track (MP W28.2), Gallette Blvd. (MP 29.22), and Horn Rapids Road (MP 29.73). The reason for the proposed discontinuance is that TCry is in default of its obligations under the lease with POB, the Line's owner, and POB believes this dispute cannot be resolved through negotiations. Accordingly, POB intends to commence an action proceeding against TCry once the Board approves this application. Based on information in our possession, the Line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

To the extent that any railroad employees are adversely affected by this action, the interest of railroad employees will be protected by conditions imposed in Oregon Short Line Railroad - Abandonment, Oshen Branch, 360 I.C.C. 91 (1979).

The application, when filed, can be viewed following its filing on the Board's website, www.stb.gov, or a copy can be obtained from POB's court set, whose name and address appear below. The application will include the applicant's entire case for discontinuance. Any interested person, after the application is filed on or about February 17, 2019, may file with the Surface Transportation Board written comments concerning the proposed discontinuance or protests to it identifying it by the proceeding's docket number. These filings are due 45 days from the date of filing of the application. Persons who may oppose the discontinuance but who do not wish to participate fully in the process by appealing at any oral hearings or by submitting verified statements of witnesses, containing detailed evidence, should file comments. Persons opposing the proposed discontinuance that do wish to participate actively and fully in the process should file a protest. Protests must contain that party's entire case in opposition (even in chief) including the following: (1) the protestant's name, address and business; (2) the protestant's interest in the proceeding and why their use of the Line or the public interest represented; (3) the protestant's reasons for protesting or commenting



LEGAL PROOF OF PUBLICATION

on the proposed discontinuance including their reliance on the involved service; and (4) any rebuttal of material submitted in the application.

Comments or protests need to be notarized or verified, and an unbound original and ten copies are required to be filed with the Secretary of the Board, at 305 E Street, S.W., Suite 100, Washington, D.C. 20024, together with a certificate of service attesting that copies of the comments or protests have been served on Applicant's counsel in this matter, John D. Heffner, Clark Hill, PLC, 1001 Pennsylvania Ave. N.W., Suite 1300 South, Washington, D.C. 20004 or jheffner@clarkhill.com and Eric Hocky, Clark Hill, PLC, 2000 Market Street, 220900947.1 09990/09990 4171 Philadelphia, PA 19103 or ehocky@clarkhill.com. Written comments and protests must indicate the docket number, STB AB-1270.

Except as otherwise set forth in 49 CFR §1152, each document filed with the Board must be served on all parties to the discontinuance proceeding. Comments and protests will be considered by the Board in determining what disposition to make of the application. The commenting party or protestant may participate in the proceeding as its interests may appear.

If an oral hearing is desired, the requester must make a request for an oral hearing and provide reasons why an oral hearing is necessary. Oral hearing requests must be filed with the Board no later than 30 days after the application is filed.

Those parties filing protests to the proposed discontinuance should be prepared to participate actively either in an oral hearing or through the submission of their entire opposition case in the form of verified statements and arguments at the time they file a protest. Parties seeking information concerning the filing of protests should refer to § 1152.25.

Persons seeking further information concerning discontinuance procedures may contact the Board's Office of Public Assistance, Government Assistance and Compliance at (202) 245-0230 or refer to the text of the discontinuance regulations.

at 49 CFR §1152.1 et seq.

VERIFICATION

State of Washington)
)ss.
County of Benton)

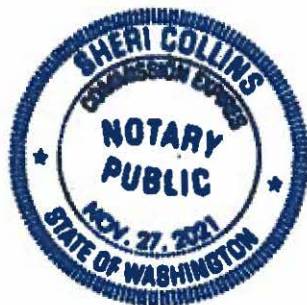
SCOTT D. KELLER, (Name of affiant) makes oath and says that (s)he is the Executive Director (title of affiant) of the Port of Benton (name of applicant) applicant herein; that (s)he has been authorized by the applicant (or as appropriate, a court) to verify and file with the Surface Transportation Board the foregoing application in STB AB-1270 (Sub-No. ___); that (s)he has carefully examined all of the statements in the application as well as the exhibits attached thereto and made a part thereof; that (s)he has knowledge of the facts and matters relied upon in the application; and that all representations set forth therein are true and correct to the best of his(her) knowledge, information, and belief.


(Signature)

Subscribed and sworn to before me SHERI COLLINS, a Notary Public in and for the State and County above named, this 22nd day of February, 2019.


Notary Public

My Commission expires:



CERTIFICATE OF SERVICE

I, John D. Heffner, hereby certifies that I have served a copy of the foregoing Adverse Discontinuance Application by the Port of Benton on the following named parties by first class US Mail this 22nd day of February 2019:

Ryan M. Best
Attorney for Peterson & Tri-City Railroad Co. , LLC
Best Law, PLLC
905 Riverside Avenue, Suite 409
Spokane, Washington, 99201

Thomas F. McFarland
Thomas F. McFarland, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112

Honorable Jay Inslee
Office of The Governor
P.O. Box 40002
Olympia, WA 98504-0002

Office of General Counsel
National Railroad Passenger Corporation
50 Massachusetts Avenue, N.E.
Washington, D.C. 20002-4214

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive
Olympia, WA 98504-7250

Ms. Martha P. Rico-Parra
Secretary
United States Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611-2092

Mr. Rick Potts, Chief
Conservation and Outdoor Recreation Div.
River, Trails and Conservation Assistance Program
National Park Service
1849 C Street, N.W. (Org 2220)
Washington, D.C. 20240

Headquarters
Military Surface Deployment and Distribution Command
Transportation Engineering Agency
ATTN: SDTE-SA (Railroads for National Defense)
1 Soldier Way, Building 1900 W
Scott AFB, IL 62225

United States Department of Transportation
Federal Railroad Administration
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

US Department of the Interior
National Park Service
Land Resources Division
1849 C Street, N.W.
Washington, D.C. 20240

US Department of Agriculture
Chief, Forest Service
1400 Independence Avenue, S.W.
Washington, D.C. 20250-0003

Rick Rose
ConAgra Foods Lamb Weston
8701 W. Gage Blvd.
Kennewick, WA 99336

Bill Friend, Warehouse Manager
Henningsen Cold Storage Company
2025 Saint Street
Richland, WA 99354

TCRY
Attn: Lisa Anderson
P.O. Box 6106
Kennewick WA 99356

Kevin Sheckla
West Coast Warehouse
P.O. Box 1187
Richland, WA 99352

10 N Washington
Attn: Lisa Anderson
P.O. Box 6106
Kennewick, WA 99336

Perma-Fix Northwest, Inc.
2025 Battelle Blvd.
Richland, WA 99354

Preferred Freezer Services
Ed Gottschalk, Plant Manager
2800 Polar Way
Richland, WA 99354

DelHur Industries
John Doyle
2935 Kingsgate Way
Richland, WA 99354

Central Washington Corn Processors
Dennis Kylo
427 W. 1st Avenue
Spokane, WA 99201

Certified DEF, Inc.
Attn: Phil Adams
50 W Forest Street, Suite 204
Brigham City, UT 84302

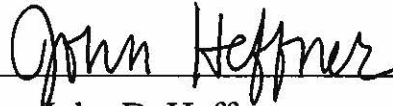
Schaeffer Industries
Attn: Clark Taylor
Executive Vice President & General Counsel
141 S. Western Coil Road
Linden, UT 84042

Packaging Corporation of America
Katy Conlan, Manager
101 South Capitol Blvd, Suite 800
Boise, ID 83702

ATI Richland
Kevin O'Connor, Plant Manager
3101 Kingsgate Way
Richland, WA 99354
WHECO Corporation

Jeff Williams
2989 Kingsgate Way
Richland, WA 99354

Mike Connerly
Energy Northwest, Turbine Coordinator
Reactor and Major Maintenance
P.O. Box 968
Richland, WA 99354



John D. Heffner
Senior Counsel

Dated: February 22, 2019

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**PORT OF BENTON, WA
ADVERSE DISCONTINUANCE OF RAIL SERVICE
TRI-CITY RAILROAD COMPANY, LLC**

VERIFIED STATEMENTS

AND ATTACHMENTS

**VERIFIED STATEMENT
OF
ROGER WRIGHT**

Roger Wright, being duly sworn, deposes and states as follows:

My name is Roger Wright and I have been a licensed professional Civil Engineer in the State of Washington since January 1991. I have provided, and currently provide, engineering assistance to the Port of Benton (Port) as their contract Port Engineer since September 2003. As part of my responsibilities with the Port of Benton, I have been involved in the Port-owned industrial railroad track since 2003. From January 2000 – September 2003, I provided part-time consulting engineering services to both the City of Richland and the Port of Benton which involved activities associated with the Port and City railroad tracks. From September 1991 – January 2000, I worked for the City of Richland Public works department and my responsibilities included managing several projects associated with the Port and City railroad tracks, including before the Port took ownership of the Department of Energy (DOE) operated the railroad track.

As the contract Port Engineer, I have been involved with or supervised multiple inspections of the Port owned track including visual inspections, removal and destructive testing of cross ties, non-destructive track geometry testing and rail profile measurements, and x-ray inspection of cross ties. I have also managed several construction projects on the Port track.

As background, the Port of Benton acquired the Department of Energy (US Government) track in 1998 as part of an Economic Development effort to allow the community to benefit from the use and growth of rail traffic to Richland. The Port's track consists of approximately 15 miles of total rail extending from the Richland Junction, adjacent to Columbia Center Boulevard at the north end of Center Parkway, Mile Post (MP) 18.84 and extending north into Richland approximately 11 miles to the south right of way of Horn Rapids Road, MP 29.73. It includes the Wye track at the north end of the Yard, and several ladder tracks within the Yard for storage and spotting trains/cars.

I have been asked to prepare this statement in support of the adverse discontinuance application that the Port is filing in order to terminate rail service presently provided by Tri-City Railway Company, LLC (TCRY"). My report addresses the information requested by the Surface Transportation Board in response to the application question in 49 CFR § 1152(b) ("condition of the properties")

More specifically, I have been asked to provide a statement of the overall condition of the track from a maintenance standpoint. I have observed all of the track myself, and I have managed the inspection of the entire track system by multiple inspectors on multiple occasions in the last 5 years. My comments are

based on my personal knowledge and inspections, as well as my knowledge of the inspection reports for many of the inspections of the entire track. I am also very familiar with the Port's ownership of right of way, easements, crossings as well as the overall condition of the rail infrastructure.

I have managed several construction projects on the Port's track as the contract Port Engineer, including the replacement of the Columbia Park Trail Bridge approaches and approximately 2,000 track feet of rail and ties. I also managed the Berry's Bridge ballast undercutting project which replaced ballast under approximately 1,300 feet of track and replaced approximately 1,500 cross ties. These two projects were performed by the Port since they addressed conditions that pre-dated the Port's lease to TCRY. Other projects have included assisting with planning of potential projects on the Port's track such as additional crossings, utility crossings, relocation of auxiliary tracks, etc.

During the bridge project and ballast undercutting project, we were required to lift and realign rail to allow undercutting and removal of the ballast. During these projects, it became obvious to the Port that many of the existing ties were in much worse condition than previously assumed. During the time that I have been associated with the Port, we have received only limited reports on the condition of the existing ties from the tenant rail carrier, TCRY. Moreover, TCRY has not provided any plans for routine replacement of cross ties as we have requested. Only in the last 24-36 months have I witnessed the TCRY replacing any significant quantities of cross ties. During the construction projects that I managed, we determined that 70%-90% of the cross ties (in the areas of our specific projects) were at or near failure, meaning they were rotted and decomposed in the interior of the ties and were only barely holding gauge and alignment. In the case of the ballast undercutting section, over 95% of the cross ties would not hold spikes or gauge when lifted to allow the ballast undercutting, requiring all of the ties in this section to be replaced. Following these projects, we have provided several summary reports to the Port management, as well as HDR report, on the condition of the ties and as a result we have significantly increased the number of inspections of the cross ties over the last 36 months.

Much of the Port's track, approximately 61% of the total footage, is 90# rail (90 lbs/yd). Approximately 33% of the rail is 115# rail with a portion being 112# and 136# rail. All of the cross ties in the Port's system are wood. The ballast material under the Port's track is almost all crushed basalt or limestone. Much of the ballast is at least two face fractured rock generally meeting AREMA specifications. However, there definitely are portions of the ballast rock that is single face fracture and does not meet required gradation. Overall, the ballast is in relatively good condition which has allowed the rail and cross ties to perform as well as they have. There is relatively good weed control of the ballast rock.

Based on the 2017 and 2018 Holland track geometry inspections of the rail, the rail is in relatively good condition given its age, likely due to the fact that the Port track is a relatively low annual tonnage track. Overall the rail is not excessively worn, except for the Wye track where it appears to be relay track.

Based on the 2017 and 2018 GREX X-ray scatter image inspections, and at least two visual inspections of the entire track, as well as results from physically removing approximately 2,000 cross ties associated with the Columbia Park Trail bridge and the Ballast Undercutting project, it has been determined that many more cross ties are failed than we originally believed. Based on these inspections it is my opinion, and is supported by HDR Engineers inspection reports, close to 40% of the ties in the Port's track have completely failed. An additional almost 50% of the cross ties still have some functionality, but are estimated to fail in the next tie cycle. GREX's tie cycle is estimated at 7 years. Industry tie cycles are typically somewhere between 4-10 years. It is clear that most of the 50% of fair ties within the Port's track system will fail within the next 7-10 years if not sooner. There are only approximately 12% of the cross ties that are considered in good condition or approximately 4,000 ties. With the last two construction projects that the Port has completed, we have installed over 3,000 new ties.

Industry standard practice is to have at least 40% of a track system's ties rated as "good". In the Port's track, based on recent inspection, less than 12% of the ties are considered good. A tie's reasonable life would be estimated to be between 35-40 years in our relatively dry climate. Based on the approximately 35,000 ties on the Port's "main" track, standard practice would be to replace all of the ties within at least a 40-year life or 875-1,000 ties per year on average. I have been associated with the Port's track for the entire lease period to TCRY since the original 1998 lease. Prior to the last approximately 3 years, there has never been a concentrated effort to replace ties within the Port's track by TCRY. Recent tie replacement by TCRY has occurred and they have left all of the old removed ties adjacent to the track. Recently we had HDR inspector walk the entire track for an inspection and they counted all of the old ties adjacent to the track. They estimate the removed ties at 1,270. These are ties that have been replaced over the last approximately 2 years.

Yakima River Bridge – along with the recent inspections by the Port of Benton, the Federal Railroad Administration (FRA) has also made several inspections. These have included inspections by the FRA of the overall track where they have found more than 150 FRA defects, many of which were cross ties found to be failed. In May of 2018 an FRA bridge inspector found that 5 sections of the Yakima River bridge, consisting of approximately 60 ties, had inadequate structural crossties. The FRA's inspector recommended repairs be made within 30 days to prevent closure. Subsequent to this inspection, the speed was reduced on the bridge to 5 mph. The Port requested HDR Engineers to complete an inspection of the Yakima River Bridge ties on August 1, 2019 since TCRY had not completed any repairs on the bridge deck. HDR found that 284 of the 378 bridge ties were failed or 75% of the ties. Many of the bridge ties were crushed and several, particularly through the sections the FRA noted, were completely split and the spikes were either loose or were even missing. On December 5-7, 2018 TCRY replaced 6 structural bridge ties, within the 75 ties found by FRA to be at failure in their May inspection. This nearly 3-day closure to replace such a

small amount of ties appears to have been excessive. This caused significant impact to both the UP and BN railroads, and in particular to the shippers. This tie replacement could have easily been completed over a weekend to avoid an impact to the customers.

On December 20, 2018 an FRA bridge inspector inspected the Yakima River Bridge again and recommended closing the bridge unless a plan was in place to immediately replace a minimum of at least an additional 30 bridge ties. TCRY's bridge inspector, Ken Kirschling from Railstar Engineering reportedly confirmed and agreed with this recommendation. TCRY contacted the Port and worked out a plan to replace an additional 30 – 54 ties by the end of January 2019, if the Port funded the work, in order to avoid a closure of the bridge.

Summary – While the rail and ballast are in reasonably good condition, the overall condition of the cross ties in the Port track system is unsatisfactory. Based on HDR's inspection, they indicate that a minimum of 12,000 cross ties would have to be replaced immediately to bring the system into a satisfactory condition. This would replace approximately 1 out of every 3 ties.

VERIFICATION

STATE OF WASHINGTON)

)ss.

COUNTY OF BENTON)

Roger G. Wright, being duly sworn according to law, hereby deposes and states that (s)he holds the position of Port of Benton Contract Port Engineer with affiant, is authorized to make this Verification, had read the foregoing document, and knows the facts asserted therein are true and accurate as stated, to the best of (her)his knowledge, information, and belief.

Roger G. Wright

Signed: Roger G. Wright

1/31/19

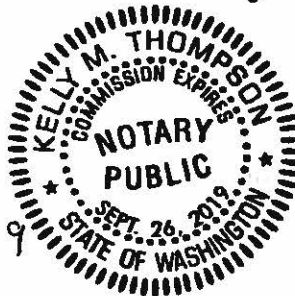
Date

Subscribed to and sworn to before me, a Notary Public, in and for the County of Benton in the State of Washington, this 3RD day of January, 2019.

Kelly M. Thompson

Notary Public

My Commission expires: 09/26/19



VERIFIED STATEMENT
OF
ROY D. KECK

Roy D. Keck, being duly sworn, deposes and states as follows:

My name is Roy D. Keck. I am currently the Commission President of the Port of Benton located in Richland, WA. Having served as a Commissioner since 2008 and as President for the past two years, I am intimately familiar with the Port's operations including those of its tenants including Tri-City Railroad, Inc. ("TCRY").

Simply stated, the relationship between the Port and TCRY has been contentious particularly as of the past few years. Our relationship dates back to October 1, 1998, after the Port acquired the subject rail facilities from the Department of Energy as successor to the former Atomic Energy Commission ("AEC"). As part of that acquisition, the Port engaged the services of TCRY's predecessor, Livingston Rebuild Center, Inc. ("LRC"), pursuant to a 20 years agreement for operation and maintenance of the railroad facilities. LRC was not a railroad common carrier at the time and the two railroads that have been operating over the subject railroad facilities, BNSF Railway ("BNSF") and Union Pacific Railroad ("UP") continued to do so. The agreement provided for LRC to maintain the property at the

property at the Port's expense subject to an approved budget. The agreement required LRC to implement an economic development program. It gave LRC the use of certain buildings on the property and allowed it to initiate a program for training people to work in the railroad industry.

On August 1, 2002, the Port entered into a 10 year lease (with two automatic 10 year renewals) with TCRY which replaced the prior agreement between the Port and LRC.¹ That agreement established certain new responsibilities and obligations. The agreement ensured the Port did not bear responsibility for inspecting, maintaining, or replacing bridges and overpasses, but gave the Port access to the property for the purpose of making inspections if and when they saw reason to inspect. Further, the agreement transferred to TCRY the cost of railroad operations such as insurance and maintenance of the entire line including bridges and overpasses, crossings, and signals. The agreement required TCRY to maintain the railroad as a "Class 3" railroad referring to the Federal Railroad Administration's track standards. The agreement also required TCRY to pay a very modest rent of \$2,000 per month for use of the tracks, facilities, and buildings and another \$2,000 per month for use of Port-owned equipment.

¹ Attachment 1.

Relations first started to go downhill prior to 2009 when BNSF sued TCRY in the United States District Court for the Eastern District of Washington² over BNSF's right under the 1947 agreement between the AEC and BNSF's predecessor that gave it the right to serve all customers on the subject rail trackage directly. After TCRY erected a barricade to prevent BNSF's locomotives from reaching customers on the Port's trackage, the Port intervened in that litigation in support of BNSF. The Port asserted that the 2002 lease prohibits TCRY from amending, modifying, terminating, or invalidating the Port's contractual relationships with BNSF and UP by blocking Class I railroad access to the property and that TCRY took the lease subject to these rights. The Court ruled in BNSF's favor allowing BNSF and UP to serve customers on the Port's property directly and requiring TCRY to enter into a comprehensive operating plan with both Class I carriers. In response to the Court's ruling, TCRY owner Randolph Peterson filed a taxpayer suit in Thurston County, Washington State on August 15, 2016 against the Port (Cause No. 16-2-03211-34). The thrust of that litigation would be to terminate BNSF's access rights to the Port-owned rail lines giving TCRY a service monopoly. The Port prevailed in a

² Styled as *BNSF Railway Company v. Tri-City & Olympia Railroad Company, LLC*, CV-09-5062-EFS (E.D. Wash.)

summary judgment hearing in Thurston County. Peterson attempted a direct appeal to the Washington State Supreme Court. The direct appeal was denied and sent to Division II. After sitting on the docket awaiting a hearing date for several months, the case was transferred to Division I and oral arguments have been set for January 15, 2019.

The already strained relationship continued to deteriorate in 2018 as noted with these developments:

- After the FRA conducted a track inspection between February 27 and March 1, it found 118 track defects and issued a civil violation.³
- On April 9 the Port provided TCRY with a notice of default for its failure to maintain the track to an FRA Class 3 standard.⁴
- On April 26 UP advised that TCRY has moved UP rail cars and has locked UP from having access to the Port's support tracks and passing tracks without any apparent justification such as maintenance work.⁵
- On April 27 the Port advised TCRY that there was a significant number of defective ties on the Yakima River Bridge and Barry's Bridge and requested a replacement plan to which TCRY's Executive Vice President Lisa Anderson claimed that the FRA had not found

³ Attachment 2.

⁴ Attachment 3.

⁵ Attachment 4.

any defects.⁶ While TCRY ordered replacement ties, it failed to install them for several months past the due date provided by the FRA.

- On May 15, the FRA found numerous defective ties on the Port's railroad bridges causing it to issue a civil violation and a need for TCRY to take remedial action to cure those defects. Traffic over the bridge is now restricted to 5 mph and that track is now classified as "excepted."⁷
- In its May 24 letter to TCRY the Port requested TCRY to provide documentation that its inspector was properly certified noting that in its prior year reports for 2013 through 2015, TCRY's inspector said that tie replacement was necessary.⁸
- In its May 24 letter the Port noted that the FRA had found two dozen track defects in its April 18 and 19 reports that had not been remedied. The Port stated that it has repeatedly asked TCRY for its plans to address this deferred maintenance. Finally, the letter referenced complaints from both BNSF and UP regarding blocked track access

⁶ Attachment 5.

⁷ Attachment 6. FRA reports are attached to the email dated May 18, 2018, from Michael Pirato of the FRA.

⁸ Attachment 7.

and the fact that BNSF and UP's contacts to TCRY have gone unanswered. *See* May 24 letter, *Id.*

- On June 5, TCRY sought to impose a toll maintenance fee tariff effective June 25 without first obtaining Port consent as required under the lease.⁹
- The Port responded on July 16 that it needed to review TCRY's financial and maintenance records including tax returns for the past 5 years to determine the reasonableness of those fees. It rejected that tariff noting that the imposition of the fee without its consent was a material default.¹⁰
- On August 29, TCRY sought Port approval to publish a new tariff supplement dated August 28 to its 2015 Miscellaneous Tariff imposing a series of charges allegedly premised on "safety." That tariff would have become effective September 18.¹¹ The Port rejected the request for lack of evidence of economic justification.¹² As the attached letter dated September 7, 2018, from BNSF explains, implementation of the charges in either the June 5 or the August 28 tariff supplements would also violate a provision of the 1947

⁹ Attachment 8.

¹⁰ Attachment 9.

¹¹ Attachment 10.

¹² Attachment 11.

agreement between the AEC and BNSF's and UP's predecessors.¹³

That provision, a copy of which is attached to my statement, provided that payments made by the predecessors to BNSF and UP under the agreement shall be in lieu of all other charges for use by them during the term of the agreement.¹⁴ Once all required payments were made both carriers received the right to operate over the Port's trackage *without further payments*. In other words, the 1947 agreement relieved BNSF and UP of any obligation to compensate TCRY or the Port for the track and bridge maintenance expenses.

- On September 10, TCRY corporate counsel wrote the Port designating certain unidentified tracks as "excepted", again in violation of the lease terms.¹⁵
- More recently TCRY announced a 72 hour bridge outage so it could perform necessary repairs; however, that announcement was only provided two weeks in advance giving inadequate notice to customers so they could make other transportation arrangements.¹⁶

¹³ Attachment 12.
¹⁴ Attachment 13.
¹⁵ Attachment 14.
¹⁶ Attachments 15 and 16.

- The Port has repeatedly sought but never received from TCRY any bridge safety management program, permits, or scope of work with the result that the bridge work is now on hold.¹⁷
- Again most recently, TCRY has blocked BNSF access to one customer, Preferred Freezer.¹⁸
- Most recently, TCRY announced a new tariff for miscellaneous charges effective January 1, 2019, for railroads operating over its track.¹⁹
- I am also attaching for the Board's review the most recent track inspection report dated January 25, 2019. The Port's consultant HDR Engineering assumed that the work was considered by TCRY to be "continued temporary urgent repairs to eliminate defects and not necessarily to restore the bridge to conditions consistent with FRA Class III track conditions." Except as noted in the report, HDR found the remedial work to be "satisfactory."²⁰

¹⁷ Attachment 17.
¹⁸ Attachments 18 and 19.
¹⁹ Attachment 20.
²⁰ Attachment 21.

Despite these many events of default that were brought to TCRY's attention, the railroad has made no effort to cure. I am attaching to my statement a series of letters and emails that document these allegations.

VERIFICATION

STATE OF WASHINGTON)

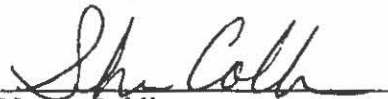
)

CITY OF RICHLAND)

Roy D. Keck, being duly sworn according to law, hereby deposes and states that he holds the position of Port of Benton Commission President with applicant/petitioner, is authorized to make this Verification, has read the foregoing document, and knows the facts asserted therein are true and accurate as stated, to the best of his knowledge, information, and belief.



Subscribed to and sworn to before me, a Notary Public, in and for the County of Benton
in the State of Idaho, this Dec. day of 2018.


Notary Public

My Commission expires:

11/27/2021



8/1/2002

RAILROAD LEASE
Port of Benton-Tri-City Railroad Company

PARTIES:

LESSOR: PORT OF BENTON, a municipal corporation of the State of Washington, hereafter "Port".

TENANT: TRI-CITY RAILROAD COMPANY, L.L.C., a Washington limited liability company hereafter "Tenant".

RECITALS:

WHEREAS, the Port acquired the Southern Connection of the Hanford Railroad from the United States Department of Energy (hereafter "DOE") to prevent the closure of the railroad and to maintain railroad operations for economic development purposes.

WHEREAS, DOE conveyed the former 1100 Area to the Port to enable the Port to generate revenues to pay the costs of operation and maintenance of the railroad.

WHEREAS, ~~the Port entered into an Operations and Maintenance Agreement with Livingston Rebuild Company dated October 1, 1998 which has been assigned to the Tenant and this agreement requires the Port to pay certain expenses related to the railroad, including insurance premiums, in excess of \$100,000.00 per year and the Port has the responsibility for the inspection, maintenance and replacement of the bridges and overpasses.~~

WHEREAS, the Port has been required to pay for the replacement of a section of the railroad bridge which was destroyed by fire.

WHEREAS, the Port entered into a Building Lease with Livingston Rebuild Company for the railroad maintenance building in the Port's Manufacturing Mall (formerly DOE's 1100 Area), which Lease has been assigned to the Tenant.

~~WHEREAS, the parties wish to transfer the costs associated with the operation of the railroad, including the insurance and the responsibility for the inspection and maintenance of the bridges and overpasses to the Tenant.~~

original
lease
8/1/02

WHEREAS, the Port has been required to respond to an inquiry by the Railroad Retirement Board concerning the Port's liability for pension payments as an railroad operator and the Port wants to avoid classification as a railroad operator.

* ~~WHEREAS, the Port wishes to transfer the responsibility for rail operations and for negotiating with major carriers to the Tenant and to relieve the Port of the responsibility for such activities; now therefore it is hereby agreed among the parties as follows:~~

AGREEMENTS:

1. LEASE. Port hereby leases to Tenant upon the terms, covenants and conditions contained herein, the real and personal property known as the Port of Benton Railroad Southern Connection and the 1171 Building (hereafter the "Property"). The real property is described on Attachment 1.

1.1 The Property consists of approximately 16 miles of railroad trackage and right of way extending from the Richland Connection in Kennewick, Washington to the Port of Benton's Manufacturing Mall in Richland, Washington, and generally bordered by Horn Rapids Road on the north, formerly known as the 1100 Area, including the tracks, bridges, trestles, crossings and maintenance equipment. The equipment and fixtures are more particularly described on Attachment 2 to this Agreement.

* 1.2 The Tenant has been operating the Port of Benton railroad and has occupied the 1171 Building since October, 1998 and is fully familiar with the Property and agrees to take the Property in its present condition, and subject to the restrictions contained in the Indenture between the United States of America and the Port, the amendments thereto, and the Quit Claim Deed from the United States of America, copies of which has been provided to the Tenant. The Tenant agrees to take the Property in its present condition without warranties. The Tenant is relying upon its own inspections of the Property to determine whether to enter into this Lease, and the Tenant is not relying upon any representation made by the Port, its employees or agents, except as specifically set forth in this Lease.

1.3 The Port may acquire trackage rights to use additional railroad tracks owned by DOE serving the Hanford Project. To the extent that the Port acquires additional trackage rights from the DOE, the Port will attempt to negotiate an agreement with the Tenant to add the track rights to this agreement, if permitted by the terms of any agreements with the United States and to the extent the terms of the agreement for trackage rights are acceptable to the Tenant. An agreement to add additional track to this agreement, may require the Tenant to pay additional fees to the Port based upon volume of traffic over the tracks. Provided, that the Port may cancel any agreement with the United States for trackage rights without any further obligation to Tenant. Provided, further, in the event the Port terminates its agreement with the United States for trackage rights, the Tenant shall be free to negotiate with the United States for the trackage rights.

1.4 The Port of Benton currently has a Memorandum of Agreement with DOE to use the track north of Horn Rapids Road to the Energy Northwest Generating Station site, which the Port agrees to allow the Tenant to utilize under the terms of this Lease, provided that the Tenant maintains the track as herein required. DOE has proposed a Memorandum of Agreement with the Port of Benton for use of the Hanford Railroad north of the Energy Northwest Generating Station. After the execution of the MOA by the Port and DOE, the Port will permit the Tenant to utilize additional track which is covered by the MOA, provided that the Tenant complies with the terms and conditions of the MOA and subject to the provisions of this Lease.

2. TERM. This lease shall run for a period of ten years commencing on the 1st day of August, 2002 and terminating on the 31st day of March, 2012.

2.1 The Tenant shall have the option to extend this Lease for two additional terms of ten years each after the expiration of the initial term and after the expiration of the first renewal term.

2.2 The option to extend this Lease shall be deemed to have been exercised unless the Tenant shall give the Port written notice of its intent not to exercise an option at least one hundred eighty (180) days prior to termination of the initial term or the expiration of the first renewal term.

2.3 The Tenant may only exercise the right to extend the term of this Lease if the Tenant is not in material default in the performance of the terms of this Lease at the time the Tenant exercises the option or at the time an option is deemed to be exercised under Section 2.2.

2.4 In the event the Tenant elects not to exercise the Lease extension as provided in this Section, then this Lease shall terminate and the Tenant shall have no further rights under the terms of the Lease.

3. RENT. Tenant shall pay rent, in advance on the first day of each month during the term of this lease, in the following amounts:

3.1 During the initial term of the lease, the parties have agreed that the monthly rental for the real property, railroad trackage, right of way and building more particularly described in Attachment 1, shall be \$2,000.00, plus the applicable leasehold tax as hereafter provided.

3.2 In addition to the rent for the real property, the Tenant shall pay \$2,000.00 per month as rent for the railroad maintenance and operation equipment owned by the Port and more particularly described on Attachment 2. The Tenant shall be responsible for the payment of any sales tax which may be payable as a result of the lease of equipment.

3.3 Rent payments shall be made payable to the Port of Benton and shall be paid at the Port offices at 3100 George Washington Way, Richland, Washington, or at such other address as the Port shall direct in writing.

3.4 In addition to the rent provided for herein, the Tenant shall pay the Leasehold Tax as required by the Revised Code of Washington Chapter 82.29A, as the statute may be hereafter amended. The Leasehold Tax shall be paid with each monthly installment of rent. The current leasehold tax rate is 12.84%.

3.5 Commencing five (5) years from the commencement date of this lease, and on every anniversary thereafter, the minimum rent set forth in sections 3.1 and 3.2 shall be increased in order to reflect the proportionate increase, if any, occurring between the commencement date and such adjustment date in the cost of living as indicated by the Consumer Price Index for Urban Consumers - Western US Average - All Items, as published by the U.S. Department of Labor's Bureau of Labor Statistics (the "Index"). Such adjustment shall be accomplished by multiplying the numerator of which shall be the Index level as of the January preceding the date of adjustment, and the denominator of which shall be the Index level as of the January preceding the Lease commencement date. Any adjustment of rent shall become effective immediately. In no event shall the rent be less than that specified in sections 3.1 and 3.2. If the index is discontinued, Landlord shall substitute a similar index of consumer prices.

3.6 Any rent payment not paid within ten days of the date upon which the Tenant receives notice that a payment is past due shall accrue interest on the unpaid rent at the rate of one and one-half percent of the late payment for each month or portion of month by which the payment is delayed.

4. **CONDITION OF PROPERTY.** The Tenant shall take the Property in its present condition, without warranties or representations by the Port except as set forth in this Lease. ~~The Tenant shall be responsible for the maintenance and repair of the railroad maintenance and operation equipment owned by the Port and used by the Tenant pursuant to this Lease.~~ In the event any of the Port equipment becomes inoperable or unusable for any reason the Port shall not be required to provide replacement equipment. If the equipment becomes obsolete or inoperable through no fault of the Tenant, the unusable equipment shall be returned to the Port and the rent shall be adjusted to account for the equipment which is no longer being used by the Tenant. This provision shall not apply to the equipment that becomes inoperable due to the Tenant's failure to properly maintain the equipment.

5. **SECURITY.** The Tenant shall provide a rent security in accordance with RCW 53.08.085 in an amount equal to the rent and Leasehold Tax to be paid during the initial year of this Lease.

6. **TAXES AND ASSESSMENTS.** Tenant shall pay all taxes assessed against the buildings and improvements owned by the Tenant and the other property of Tenant located upon the Property, promptly as the same become due. Tenant shall pay all assessments hereafter levied against the Property, or a portion thereof, during the term of this Lease, including assessments coming due to any special purpose governmental district; provided, however, if the assessment is payable in installments, whether or not interest shall accrue on the unpaid installments, the Tenant may pay the assessments in installments as they become due, provided

that the Tenant's obligation to pay the assessments levied during the term of the Lease, even though paid in installments, shall survive the termination or expiration of this Lease.

6.1 Tenant may contest the legal validity or amount of any taxes, assessments or charges which Tenant is responsible for under this Lease, and may institute such proceedings as Tenant considers necessary. If Tenant contests any such tax, assessment or charge, Tenant may withhold or defer payment or pay under protest but shall protect Port and the Property from any lien. Port appoints Tenant as Port's attorney-in-fact for the purpose of making all payments to any taxing authorities and for the purpose of contesting any taxes, assessments or charges.

* 7. USE. The Tenant shall use the Property for the operation and maintenance of railroad transportation facilities, for uses in conjunction with or reasonably connected to the permitted uses and for no other purposes except those approved in writing by the Port.

* 7.1 The Tenant's use, operations, and maintenance of the tracks shall comply with the provisions of the Quit Claim Deed and Indenture from the United States of America through which the Port acquired title to the property. In addition, the Tenant shall comply with all laws, rules and regulations applicable to the Tenant's use, operation and maintenance of the property. Any tariffs imposed upon the use of the railroad by the Tenant shall be reasonable in light of the use of the railroad and shall be subject to the review and approval of the Port, to insure compliance with the Port's agreements with the United States.

* 7.2 In the event the Department of Energy, or any user of the railroad files a complaint with the Port concerning the Tenant's rates, tariffs or operations, the Port will notify the Tenant of the complaint and will attempt to resolve the complaint through negotiations with the Tenant and the complainant.

7.2.1 If the complaint involves matters which are within the purview of National Surface Transportation Board (NSTB), the Port will, to the extent applicable, utilize the rules of the NSTB to resolve the dispute.

7.2.2 If the Port is unable to resolve the complaint which is within the jurisdiction of the NSTB and which the NSTB will accept for resolution, the complaint shall be referred to the NSTB, if permitted by the terms and conditions of the Indenture and the Quit Claim Deed.

7.2.3 Complaints which can not be referred to the NSTB, shall be resolved pursuant to the terms and conditions of this Lease.

7.3 The Port acquired title to the Property by conveyances from the United States of America. The Tenant covenants that it will not use the Property in any manner which would subject the Property to forfeiture under the provisions of the above-described Indenture or quit claim deed.

7.4 The Tenant shall not take any actions which will amend, modify, terminate or invalidate any existing contracts which the Port has with any other railroad carrier, without the

* Port's prior written consent. The Tenant shall continue to provide railroad access to areas currently served by the railroad unless the Port and Tenant mutually agree that such access is no longer practicable.

8. MAINTENANCE OF PROPERTY. Throughout the term of this Lease, Tenant, at its sole cost and expense, shall maintain the Property and all improvements and fixtures then existing thereon in good condition and repair, subject to reasonable wear and tear, and in accordance with all applicable covenants, laws, rules, ordinances, and regulations of governmental agencies applicable to the maintenance and operation of the railroad, provided, however, that the Port shall be responsible for the maintenance of the roof and the exterior walls of the 1171 Building. The Tenant will maintain the equipment described on Attachment 2 in good working condition and repair, ordinary and usual wear and tear excepted.

8.1 Tenant will provide for regular inspections of the railroad bridges, spans and overpasses by certified personnel. The inspections will comply with the requirements of CFR 49 and any other applicable laws and regulations to maintain the railroad as a Class 3 railroad. Tenant will promptly repair any conditions which require repair or replacement in order to comply with applicable rules and regulations. The obligation to maintain the railroad shall include the maintenance, repairs or replacements of the bridges, spans and overpasses and the maintenance, repair and replacement of the tracks which cross the bridges, spans and overpasses. In the event the Port assigns trackage rights to the Tenant pursuant to agreements with DOE, and the Tenant accepts the trackage rights, the Tenant agrees to assume the obligation to maintain the additional track in accordance with the terms and conditions of the agreement which the Port has entered into with DOE.

8.2 Any repairs or maintenance which is necessary for safety or the protection of life and property shall be done as soon as possible. Tenant shall promptly report any such conditions to the Port.

8.3 Tenant will provide for regular inspections and maintenance of the railroad crossings and the crossing signals by certified personnel. The inspections will comply with CFR 49 and any applicable law and regulations. The crossings and crossing signals shall be maintained in at least their present condition.

8.4 Tenant will provide all of the labor and materials necessary to maintain, repair or replace any of the railroad as required to meet the conditions of this contract.

8.5 Tenant shall be responsible for the maintenance of the equipment during the term of this agreement and shall insure the equipment against loss or damage. Upon the termination of this agreement or if Tenant determines that the equipment is no longer needed for maintenance of the railroad, Tenant shall return the equipment to the Port in its present condition, reasonable wear and tear excepted.

8.6 In the event the equipment becomes unavailable for use due to obsolescence or for any other reason, Tenant shall provide sufficient equipment to fulfill its obligations under the terms of this agreement.

8.7 The equipment shall be used only for the maintenance and operation of the railroad and for no other purpose without the prior written consent of the Port and an use agreement which provides for payment for the use of the equipment.

8.8 The Port shall retain title to the equipment and the Port may dispose of any of the equipment which is not needed for the maintenance of the railroad.

9. **CONDITIONS OF CONSTRUCTION.** Before any construction, reconstruction or alteration of the improvements on the Property, except for interior improvements or non-structural modifications is commenced and before any building materials have been delivered to the Property in connection with such construction, reconstruction or alteration by Tenant or under Tenant's authority, Tenant shall comply with all the following conditions or procure Port's written waiver of the following condition or conditions:

9.1 Tenant shall deliver to Port, for its approval, one set of preliminary construction plans and specifications prepared by an architect or engineer licensed to practice as such in the State of Washington including, but not limited to, preliminary grading utility connections, locations of ingress and egress to and from public thoroughfares, curbs, gutters, parkways, street lighting, designs and locations for outdoor signs, storage areas, and landscaping, all sufficient to enable Port to make an informed judgment about the design and quality of construction. All improvements shall be constructed within the exterior property lines of the Property provided that required work beyond the Property on utilities, access, and conditional use requirements will not violate this provision. Tenant shall permit Port to use the plans without payment for purposes relevant to and consistent with this Lease.

9.2 The Port shall examine the plans and specifications for the purpose of determining reasonable compliance with the terms and conditions of this Lease, the Protective Covenants and compatibility with the overall design and use. Approval will not be unreasonably withheld. Approval or disapproval shall be communicated to the Tenant, and disapproval shall be accompanied by specification in reasonable detail of the grounds for disapproval; provided that Port's failure to disapprove the initial construction plans within fourteen (14) days or subsequent construction plans within thirty (30) days after delivery to Port shall be considered to be approval.

9.3 Tenant shall prepare final working plans and specifications substantially conforming to preliminary plans previously approved by the Port, submit them to the appropriate governmental agencies for approval, and deliver to Port one complete set as approved by the governmental agencies.

9.4 Tenant shall notify Port of its intention to commence the initial construction at least fourteen days before commencement of any such work or delivery of any

materials. The notice shall specify the approximate location and nature of the intended improvements. During the course of construction, Port shall have the right to post and maintain on the Property any notices of non-responsibility provided for under the applicable law, and to inspect the Property at all reasonable times.

9.5 Except as specifically provided in this Lease, Port makes no covenant or warranties respecting the condition of the soil or subsoil or any other condition of the Property.

9.6 Once work is begun, Tenant shall, with reasonable diligence, complete all construction of improvements. Construction required at the inception of the Lease shall be completed and ready for use within eighteen (18) months after commencement of construction, provided that the time for completion shall be extended for so long as the Tenant is prevented from completing the construction due to delays beyond the Tenant's control; but failure, regardless of cause, to commence construction within eighteen (18) months from the commencement date of the Lease shall, at Port's election exercised by thirty days written notice, terminate this Lease. All work shall be performed in a workmanlike manner, substantially comply with the plans and specifications required by this Lease, and comply with all applicable governmental permits, laws, ordinances, and regulations.

9.7 Tenant shall pay the cost and expense of all Tenant's improvements constructed on the Property. Tenant shall not permit any mechanic's, or construction liens to attach to the Property. Tenant shall not permit any mechanics', materialmen's, contractors' or subcontractors' lien arising from any work of improvement performed by or for the Tenant to be enforced against the Property, however it may arise. Tenant may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Port's Property interests are not jeopardized. Tenant shall defend and indemnify Port against all liability and loss of any type arising out of the construction of improvements on the Property by Tenant. Unless caused by the Port, its agents, contractors, and invitees, Tenant shall reimburse Port for all sums paid according to this paragraph, together with the Port's reasonable attorneys' fees and costs plus interest on those sums at the legal rate.

9.8 On completion of the construction of any improvements, additions or alterations, covered by this Section 9, Tenant shall give Port notice of all structural or material changes in plans or specifications made during the course of the work and shall at that time supply Port with drawings accurately reflecting all such changes. Changes which are non-structural or which do not substantially alter the plans and specifications as previously approved by the Port do not constitute a material change.

10. OWNERSHIP OF IMPROVEMENTS. All improvements constructed on the Property by Tenant as permitted by this Lease shall be owned by Tenant until termination of this Lease. Upon the termination of this Lease for any reason, any buildings, improvements or trade fixtures installed on the Property shall become the property of the Port. Provided, however, in the event, the Tenant has failed to maintain the Property as required by this Lease, or the Property is contaminated by toxic or hazardous materials as the result of the actions of the Tenant or its successors, such that in any event the value of the improvements is less than the cost of removal,

remediation or renovation to bring the Property into compliance, then the Port may require the Tenant to remove any improvements or trade fixtures installed by the Tenant. The Tenant shall repair, at Tenant's expense, any damage to the Property resulting from such removal.

10.1 The equipment and fixtures on the property which belong to the Port shall remain the property of the Port and the Tenant shall be required to maintain the Port-owned equipment and fixtures during the term of this Agreement. The equipment and fixtures owned by the Port shall be returned to the Port upon the termination of this Agreement, reasonable wear and tear excepted.

11. **ASSIGNMENT AND SUBLETTING.** Tenant shall neither assign, sublet nor transfer its interest in this Lease, in whole or in part, to any person or entity, without Port's prior written consent. Each sublease for any portion of the premises in addition to the reference to Section 7 of this lease, shall specifically advise the subtenant that the sublease is subject to the reverter contained in the deed and indenture from the United States to the Port of Benton. No assignment or sublease of the Lease shall relieve the Tenant of its obligations under this Lease.

12. **INSURANCE.** Throughout the term, at Tenant's sole cost and expense, Tenant shall keep or cause to be kept in force, for the mutual benefit of Port and Tenant, comprehensive broad form railroad liability insurance (including a contractual liability endorsement) against claims and liability for personal injury, death or property damage arising from the use, operation, maintenance, occupancy, misuse, or condition of the Property and improvements, with limits of liability of at least \$5,000,000 and with deductibles in such amounts as may be reasonably acceptable to the Port. The Port shall be an additional insured on such policies.

12.1 **RAILROAD PROPERTY INSURANCE.** Throughout the term of the Lease, at Tenant's sole cost and expense, the Tenant shall keep or cause to be kept in force, for the mutual benefit of the Port and the Tenant, property insurance insuring all of the tracks, bridges, trestles, crossing and other improvements, fixtures, equipment and all of the railroad property subject to this lease against loss or damage from any cause, with the Port named as the owner of the insured property. The property shall be insured for its actual replacement value with such deductibles as are acceptable to the Port.

12.2 **BUILDING PROPERTY INSURANCE.** The Port shall maintain property insurance insuring the improvement known as the 1171 Building described in Attachment 1 against loss or damage from fire, flood, wind, or other natural disasters, with the Port named as the owner of the insured property. The property shall be insured for its actual replacement value with such deductibles as are acceptable to the Port. The Tenant shall maintain insurance coverage on the Tenant's property, fixtures and equipment located on the premises.

12.3 **PROOF OF COMPLIANCE.** The Tenant shall provide the Port with Certificates of Insurance showing the coverages and deductibles. All property insurance which the Tenant is required to maintain on the Port's property shall name the Port as the owner of the property and shall insure the Port's interest in the property. The Tenant shall deliver to Port, in the manner required for notices, a copy or certificate of all insurance policies required by this

Lease. Tenant shall include a provision in each of its insurance policies requiring the insurance carrier to give Port at least ninety (90) days prior written notice before such policy terminates. Tenant shall not substantially modify any of the insurance policies required by this Lease without giving at least ninety (90) days prior written notice to Port.

13. **INDEMNIFICATION.** ~~The Tenant shall indemnify and hold the Port harmless from all liability, claims, damages, losses, or costs, including attorney fees, arising out of any claim, suit, action, or legal proceedings brought against the Port by any party alleged to have resulted from the Tenant's use, operation, maintenance or occupation of the railroad or any portion of the premises or any of Tenant's activities incidental thereto, or any breach or default in the performance of any of the terms or conditions of the Tenant's obligations under this lease agreement.~~

14. **DEFAULT.**

14.1 **EVENTS OF DEFAULT.** Each of the following events shall be a default by Tenant and a breach of this Lease.

14.1.1 The breach of any of the terms or conditions of the Lease Agreement ✓

14.1.2 The failure or refusal to pay when due any installment of rent or other sum required by this Lease to be paid by Tenant, or the failure to perform as required or conditioned by any other covenant or condition of this Lease. ✓

14.1.3 The appointment of a receiver to take possession of the Property or improvements, or of Tenant's interest in the leasehold estate or of Tenant's operations on the Property for any reason, unless such appointment is dismissed, vacated or otherwise permanently stayed or terminated within sixty days after the appointment.

14.1.4 An assignment by Tenant for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Tenant under any law for the purpose of adjudicating Tenant a bankrupt; or for extending time for payment, adjustment or satisfaction of Tenant's liability; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervision are dismissed, vacated, or otherwise permanently stayed or terminated within sixty days after the assignment, filing, or other initial event.

14.2 **NOTICE.** As a precondition to pursuing any remedy for an alleged default by Tenant, Port shall give written notice of default to Tenant, in the manner herein specified for the giving of notices. Each notice of default shall specify the alleged event of default and the intended remedy.

14.3 **TENANT'S RIGHT TO CURE.** If the alleged default is nonpayment of rent, taxes, or other sums to be paid by Tenant as provided in this Lease, Tenant shall have ten

(10) days after receipt of written notice to cure the default. ~~For the cure of any other default, Tenant shall have thirty days after receipt of written notice to cure the default, provided, however, that if it takes more than thirty (30) days to cure a default, the Tenant shall not be in default if it promptly undertakes a cure and diligently pursues it.~~

14.4 TIME OF THE ESSENCE. Time is of the essence of this Lease, and for each and every covenant or condition which must be performed hereunder.

15. PORT'S REMEDIES. If any default by Tenant continues uncured after receipt of written notice of default and the period to cure as required by this Lease, for the period applicable to the default, subject to the provisions of Section 13, the Port has the following remedies in addition to all other rights and remedies provided by law or equity to which Port may resort cumulatively or in the alternative:

15.1 Without terminating this Lease, Port shall be entitled to recover from Tenant any amounts due hereunder, or any damages arising out of the violation or failure of Tenant to perform any covenant, condition or provision of this Lease. ✓

15.2 Port may elect to terminate this Lease and any and all interest and claim of Tenant by virtue of such lease, whether such interest or claim is existing or prospective, and to terminate all interest of Tenant in the Property and any improvements or fixtures thereon (except trade fixtures). In the event this Lease is terminated, all obligations and indebtedness of Tenant to Port arising out of this Lease prior to the date of termination shall survive such termination. In the event of termination by Port, Port shall be entitled to recover immediately as damages the total of the following amounts:

15.2.1 The reasonable costs of re-entry and reletting, including, but not limited to, any expenses of cleaning, repairing, altering, remodeling, refurbishing, removing, Tenant's property or any other expenses incurred in recovering possession of the Property or reletting the Property, including, but not limited to, reasonable attorney's fees, court costs, broker's commissions and advertising expense.

15.2.2 The loss of rental on the Property accruing until the date when a new tenant has been or with the exercise of reasonable diligence could have been, obtained.

15.3 Port may re-enter the Property and take possession thereof and remove any persons and property by legal action or by self-help and without liability for damages, and Tenant shall indemnify and hold the Port harmless from any claim or demand arising out of such re-entry and removal of persons and property. Such re-entry by the Port shall not terminate the Lease or release the Tenant from any obligations under the Lease. In the event Port re-enters the Property for the purpose of reletting, Port may relet all or some portion of the Property, alone or in conjunction with other properties, for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of a period of rent-free occupancy or other rental concession, and Port may not be required to relet to any tenant which Port may reasonably consider objectionable.

15.4 In the event Port relets the Property as agent for Tenant, Port shall be entitled to recover immediately as damages the total of the following amounts.

15.4.1 An amount equal to the total rental coming due for the remainder of the term of this Lease, computed based upon the periodic rent provided for herein and without discount or reduction for the purpose of adjusting such amount to present value of anticipated future payments, less any payments thereafter applied against such total rent by virtue of the new lease.

15.4.2 The reasonable costs of re-entry and reletting, including but not limited to, any expense of cleaning, repairing, altering, remodeling, refurbishing, removing Tenant's property, or any other expenses incurred in recovering possession of the Property or reletting the Property, including, but not limited to, attorneys' fees, court costs, broker's commissions and advertising expense.

15.5 All payments received by Port from reletting shall be applied upon indebtedness and damages owing to Port from Tenant, if any, and the balance shall be remitted to Tenant.

16. WAIVER. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel, or otherwise. The subsequent acceptance of rent pursuant to this Lease shall not constitute a waiver of any preceding default by Tenant other than default on the payment of that particular rental payment, regardless of Port's knowledge of the preceding breach at the time of accepting rent. Acceptance of rent or other payment after termination shall not constitute a reinstatement, extension or renewal of this Lease, or revocation of any notice or other act by Port.

17. ATTORNEYS' FEES. If either party brings any action or proceeding to enforce, protect or establish any right or remedy under this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs from the non-prevailing party. Arbitration is an action or proceeding for the purpose of this provision. The "prevailing party" means the party determined by the court or the arbitrator to most nearly have prevailed.

18. ACCESS BY PORT. Port, or Port's representatives and agents, shall have access to the Property at reasonable times and upon reasonable notice, for the purpose of inspecting the Property; provided that Port shall exercise all reasonable efforts not to unreasonably disturb the use and occupancy of the Property by Tenant. ✓

19. RECORDING OF LEASE. Either party to this Lease may record the Lease with the Auditor of Benton County. In lieu of recording the entire Lease either party may record a memorandum of lease setting forth the legal description of the property, the parties and the term of the Lease, together with any additional information which the party deems to be relevant, and

as long as the information in the memorandum is accurate the other party agrees to sign the memorandum of lease.

20. HOLDING OVER. In the event Tenant shall hold over after the expiration or termination of this Lease, or at the expiration of any option term, such holding over shall be deemed to create a tenancy from month-to-month on the same terms and conditions of the lease except that the rental rate shall be adjusted as provided in Section 3 and the rent shall be prorated over a 365 day year and paid by Tenant each month in advance. The tenancy may be terminated by either party giving the other party thirty days written notice of the intent to terminate.

21. SECURITY FOR TENANT'S OBLIGATIONS. In addition to the security provided for in Section 5, in order to secure the prompt, full and complete performance of all of Tenant's obligations under this Lease, including but not limited to, Tenant's obligations to protect and indemnify Port from any liability subject to the lien, if any, of the holder of the first mortgage against the property, Tenant hereby grants to Port a security interest in and assigns to Port all of Tenant's right, title and interest in and to all rents and profits from the Property, all of the materials stored on the premises, and all permanent improvements constructed thereon, to secure the Tenant's obligations under this Lease. In the event Tenant defaults in any of its obligations hereunder, Port shall have the right at any time after the period for cure provided in paragraph 15.3, without notice or demand, to collect all rents and profits directly and apply all sums so collected to satisfy Tenant's obligations hereunder, including payment to Port of any sums due from Tenant. The assignment of rents to the Port shall be subordinate to any assignment of rents to a leasehold mortgagee for security purposes. Such remedy shall be in addition to all other remedies under this Lease. This security interest will not extend to the Tenant's business receivables other than rents and profits from the property, provided that this exception will not affect the enforcement or collection of any judgment obtained against the Tenant by the Port.

22. HAZARDOUS MATERIALS. Tenant shall not take or store upon the Property any hazardous or toxic materials, as defined by the law of the State of Washington or by federal law, except in strict compliance with all applicable rules, regulations, ordinances and statutes. Tenant shall comply with the Port's Hazardous Materials Communications Policy, but shall not be subject to the notice requirements thereof in connection with the installation, use, operation, or removal of usual office equipment including, without limitation, computers and photocopiers.

22.1 Tenant shall not permit any contamination of the Property. The Tenant shall immediately remove any contaminants or pollutants and shall promptly restore the Property, subject to any condition existing prior to the commencement of this Lease, which shall be the responsibility of the Port.

22.2 Tenant shall defend Port and hold it harmless from any cost, expense, claim or litigation arising from hazardous or toxic materials on the Property or resulting from the contamination of the Property, caused by the acts or omissions of the Tenant, its subtenants, employees, agents, invitees, or licensees, during the term of this Lease.

22.3 In the event of the termination of this Lease for any reason, the obligation of the Tenant to restore the Property and the obligation to indemnify the Port set forth above, shall survive the termination.

23. GENERAL CONDITIONS.

23.1 NOTICES. Any notices required or permitted to be given under the terms of this Lease, or by law, shall be in writing and may be given by personal delivery, or by registered or certified mail, return receipt requested, or by overnight courier, directed to the parties at the following addresses, or such other address as any party may designate in writing prior to the time of the giving of such notice, or in any other manner authorized by law:

Port: Port of Benton
3100 George Washington Way
Richland, Washington 99352

Tenant: Tri-City Railroad Company, L.L.C.
2355 Stevens Drive
P.O. Box 1700
Richland, WA 99352

Any notice given shall be effective when actually received, or if given by certified or registered mail, upon the recipient's receipt of a notice from the U. S. Postal Service that the mailed notice is available for pick up.

23.2 NONMERGER. If both Port's and Tenant's estates in the Property or the improvements or both become vested in the same owner, this Lease shall nevertheless not be destroyed by application of the doctrine of merger except by the express election of the owner and the consent of the mortgagee or mortgagees under all mortgages existing upon the Property.

23.3 CAPTIONS AND TABLE OF CONTENTS. The Table of Contents of this Lease and the captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment or describe the scope, content or intent of this Lease or of any part or parts of this Lease.

23.4 EXHIBITS AND ADDENDA. All exhibits and addenda to which reference is made in this Lease are incorporated in the Lease by the respective references to them. References to "this Lease" includes matters incorporated by reference.

23.5 SUCCESSORS. Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators, assigns, and personal representatives of the respective parties. The Port agrees that if the Property is sold, assigned, or

conveyed, except for any conveyance to the United States, the Port will place a provision in any conveyance making the conveyance subject to the terms and conditions of this Lease. The Port represents, that if this Lease is recorded, any subsequent conveyance of the Property by the Port will be subject to the terms of this Lease, with the exception of any conveyance to the United States.

23.6 NO BROKERS. Each party warrants and represents that it has not dealt with any real estate brokers or agents in connection with this Lease. Each party will indemnify and hold the other harmless from any cost, expense or liability (including costs of suit and reasonable attorney fees) for any compensation, commission, or fees claimed by any broker or agent in connection with this Lease.

23.7 WARRANTY OF AUTHORITY. The persons executing and delivering this Lease on behalf of Port and Tenant each represent and warrant that each of them is duly authorized to do so and that the execution of this Lease is the lawful and voluntary act of the person on whose behalf they purport to act.

23.8 QUIET POSSESSION. The Port agrees that upon compliance with the terms and conditions of this Lease, the Tenant shall at all times have the right to the quiet use and enjoyment of the Property for the term of the Lease and any extensions.

23.9 LEASE CERTIFICATION. Upon the request of the Tenant the Port agrees to provide a written certification of the status of the Lease, to the best knowledge of the Port at the time of the certification, setting forth the following: i) whether the Lease is in full force and effect; ii) whether there have been any amendments or modifications to the Lease; iii) whether the Tenant is current in the payment of the rent and other charges under the terms of the Lease; iv) whether the Port is aware of any default or breach on the part of the Tenant.

23.10 PARTIAL INVALIDITY. If any provision of this Lease is held to be invalid or unenforceable, all other provisions shall nevertheless continue in full force and effect.

23.11 CONSTRUCTION. The parties lease have reviewed this lease and have the opportunity to consult with their respective counsel. The lease shall not be deemed to be drafted by either party and the lease shall not be construed against either party as the drafter.

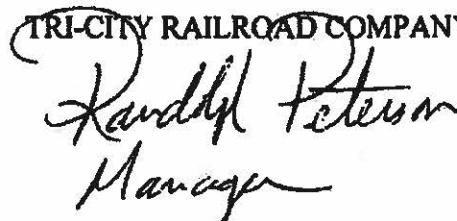
23.12 CONSENT. Whenever the consent or approval of a party to this Lease is required to be given by the terms of this Lease to the other party, such consent or approval shall not be unreasonably withheld or delayed.

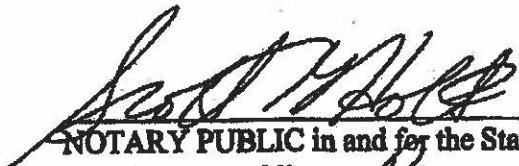
DATED this 1st day of August, 2002.

PORT OF BENTON

A handwritten signature in black ink, appearing to be a stylized name, positioned below the text 'PORT OF BENTON'.

TRI-CITY RAILROAD COMPANY, L.L.C.

A handwritten signature in black ink, reading 'Randall Peterson', with the word 'Manager' written below it.


NOTARY PUBLIC in and for the State of
Washington, residing at Passco, WA
My commission expires: Jan 25, 2003

RAILROAD LEASE

PORT OF BENTON/TRI-CITY RAILROAD COMPANY

ATTACHMENT 1

**REAL PROPERTY:
SOUTHERN CONNECTION, 1171 FACILITY,
OUTBUILDINGS AND LAND**

DEPARTMENT OF ENERGY RAILROAD, SOUTHERN CONNECTION

LEGAL DESCRIPTION

Beginning at the corner common to sections 29, 30, 31 and 32, Township 9 North, Range 29 East, Willamette Meridian, Benton County, State of Washington; Thence northerly, along the east line of said section 30, 813.0 feet to the centerline of the Union Pacific Railroad; thence S $89^{\circ}06'31''$ W, along said centerline, 1066.8 feet to Union Pacific Railroad Engineer's Station 1286+27.6 and the TRUE POINT OF BEGINNING of a strip of land 100 feet wide, 50 feet right and left of the following described centerline;

Thence N $85^{\circ}10'00''$ W, 153.4 feet to the point of curvature of a 2292.01 foot radius curve, the radial bearing to center being N $04^{\circ}50'00''$ E. Thence along the arc of said curve, to the right, through a central angle of $28^{\circ}13'00''$, 1128.00 feet to the point of tangency; thence N $56^{\circ}57'00''$ W, 3268.4 feet to the point of curvature of a 2864.93 foot radius curve, the radial bearing to center being N $33^{\circ}03'00''$ E. Thence along the arc of said curve, to the right, through a central angle of $14^{\circ}59'21''$, 749.50 feet to a point on said curve, said point being the terminus of said 100 foot strip of land and the beginning of a 200 foot strip of land, 100 feet right and left of said centerline. Thence continuing along the arc of said curve, through a central angle of $13^{\circ}42'39''$, 685.57 feet, to the point of tangency. Thence N $28^{\circ}15'00''$ W, 5592.90 feet to a point; said point being the terminus of said 200 foot strip of land and the beginning of a strip of land of variable width, the right margin being common with the southwest right of way of the Richland-Kennewick Road, as it existed in October, 1948 and the left margin being 100 feet left, measured at right angles, from the following described line; from said point, thence continuing N $28^{\circ}15'00''$ W, 630.00 feet to the line of ordinary high water of the right bank of the Yakima River and the terminus of said strip of land.

ALSO, including a easement crossing the Yakima River granted by the State of Washington, Department of Public Lands by Order and Certificate of Right of Way, application No. 20674, executed September 22, 1955 described as follows; Beginning at the northwest corner of Section 24, Township 9 North, Range 28 East, W.M.; thence S $58^{\circ}21'00''$ E, 2405.68 feet; thence S $80^{\circ}00'00''$ W, 499.85 feet; thence N $28^{\circ}15'00''$ W, 165.99 feet to THE TRUE POINT OF BEGINNING. Thence S $55^{\circ}45'00''$ W, 100.55 feet; thence N $28^{\circ}16'30''$ W, 349.79 feet; thence N $75^{\circ}43'45''$ E, 103.05 feet; thence N $51^{\circ}42'30''$ E, 123.83 feet; thence S $32^{\circ}47'15''$ E, 336.98; thence S $61^{\circ}45'00''$ W, 148.58 feet to the True Point of Beginning.

ALSO, including all of Blocks 570 and 160, Plat of Richland, as recorded in Volumes 6 and 7 of Plats, records of Benton County, Washington, EXCEPT that portion quit claimed to the State of Washington in that certain deed recorded in Volume 482, page 192, records of Benton County, Washington, TOGETHER with all those portions of Sections 13, 14, 15, 23 and 24, Township 9 North, Range 28 East, W.M., shown hachured on Exhibit "A" of Quitclaim Deed recorded in Volume 470, page 690 (Auditor's file No. 86-1411, dated Jan. 31, 11:11AM '86).

STRATTON SURVEYING & MAPPING

WASHINGTON - OREGON - CALIFORNIA - IDAHO - MONTANA - WYOMING - UTAH

7525 WEST DESCHUTES PL. - UNIT 1C

KENNEWICK, WA. 99336

(509)735-7364

FAX (509)735-6560

survey@strattonsurvey.com

December 6, 2001

DESCRIPTION

THAT PORTION OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 10 NORTH, RANGE 28 EAST, WILLAMETTE MERIDIAN, CITY OF RICHLAND, BENTON COUNTY, STATE OF WASHINGTON, THE PERIMETER OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE SAID NORTHEAST QUARTER OF SECTION 27, THENCE SOUTH $02^{\circ}06'34''$ WEST ALONG THE EAST LINE OF THE SAID NORTHEAST QUARTER 568.83 FEET; THENCE NORTH $89^{\circ}51'58''$ WEST 148.04 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF STEVENS DRIVE AND THE TRUE POINT OF BEGINNING;

THENCE SOUTH $02^{\circ}04'40''$ WEST ALONG SAID WEST RIGHT-OF-WAY LINE 1105.57 FEET; THENCE NORTH $89^{\circ}50'02''$ WEST 300.4 FEET; THENCE SOUTH $00^{\circ}54'18''$ WEST 97.39 FEET; THENCE NORTH $89^{\circ}05'41''$ WEST 442.41 FEET; THENCE NORTH $00^{\circ}54'14''$ EAST 76.03 FEET; THENCE NORTH $89^{\circ}05'46''$ WEST 51.18 FEET; THENCE SOUTH $00^{\circ}54'14''$ WEST 76.03 FEET; THENCE NORTH $89^{\circ}05'46''$ WEST 91.41 FEET TO A POINT THAT IS 10 FEET PERPENDICULAR TO THE EASTERLY RAIL; THENCE NORTH $02^{\circ}41'19''$ WEST ALONG A LINE PARALLEL TO SAID EAST RAIL 1595.37 FEET; THENCE NORTH $67^{\circ}30'11''$ EAST 113.46 FEET; THENCE SOUTH $48^{\circ}28'30''$ EAST 129.20 FEET; THENCE SOUTH $7^{\circ}13'36''$ EAST 321.58 FEET; THENCE SOUTH $89^{\circ}51'58''$ EAST 751.50 FEET TO THE SAID TRUE POINT OF BEGINNING.

CONTAINING 26.85 ACRES.

TOGETHER WITH AND SUBJECT TO EASEMENTS, RESERVATIONS, COVENANTS, AND RESTRICTIONS OF RECORD AND IN VIEW.



RAILROAD LEASE

PORT OF BENTON/TRI-CITY RAILROAD COMPANY

ATTACHMENT 2

**RAILROAD EQUIPMENT, TOOLS
AND MATERIALS**

RAILROAD EQUIPMENT

1100 AREA TRANSFER

OCTOBER 1, 1998

PROPERTY	PR NAME	MFGNAME	MFGMODEL	SERIAL NUMBER	EQTYPE	AREA	BLDG	TOTMEM COST
FA23878	CROSSING SIGNAL	SAFETRON			RAILROAD	600	RAIL6	64,625
FA23879	CROSSING SIGNAL	SAFETRON			RAILROAD	600	RAIL6	40,169
FA23880	CROSSING SIGNAL	SAFETRON			RAILROAD	600	RAIL6	37,478
FA23881	CROSSING SIGNAL	WADCO			RAILROAD	600	RAIL6	41,542
FA23882	CROSSING SIGNAL	WADCO			RAILROAD	600	RAIL6	41,542
FA23883	CROSSING SIGNAL	SAFETRON			RAILROAD	600	RAIL6	40,147
FA23885	CROSSING SIGNAL	SAFETRON			RAILROAD	600	RAIL6	34,416
FA23886	CROSSING SIGNAL	SAFETRON			RAILROAD	300	RAIL3	41,916
FA23887	SOLAR PANEL	SOLAREX CORP				300	RAIL3	25,024
FA23892	CROSSING SIGNAL	SAFETRON			RAILROAD	400	RAIL4	64,625
F187235	BRIDGE	RAILROAD			MAIN LINE/PROC	600	HANFORDSRV	474,091
F187236	BRIDGE	RAILROAD			MAIN LINE/PROC	600	HANFORDSRV	53,102
F187237	OVERPASS	RAILROAD			MAIN LINE/PROC	600	RAIL6	84,332
F187483	TURNOUT	RAILROAD			INDUSTRIAL/YARD	300	GENERAL	39,558
F187488	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	26,992
F187489	TURNOUT	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	920
F187491	TURNOUT	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	920
F187494	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	73,994
F187496	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	51,463
F187498	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	48,149
F187500	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	45,133
F187502	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	2,988
F187504	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	2,946
F187506	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	22,659
F187508	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	10,281
F187510	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	11,103
F187512	TRACK	RAILROAD			INDUSTRIAL/YARD	1100	1167	19,706
F187514	TRACK	RAILROAD			RAILROAD	600	HANFORDSRV	16,498
F187515	SCALE	FAIRBANKS			INDUSTRIAL/YARD	1100	RAIL11	28,354
F187517	TRACK	RAILROAD			RAILROAD	600	HANFORDSRV	1,219
F187518	TURNOUT	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	920
F187534	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	30,858
F187613	TRACK	RAILROAD			INDUSTRIAL/YARD	600	HANFORDSRV	8,525
F265008	OVERPASS	UNKNOWN			RAILROAD	600	HANFORDR	1,483,335
F265033	TRACK	RAILROAD				600	HANFORDR	387,645
F265034	TURNOUT	RAILROAD				600	HANFORDR	39,558
F265035	TURNOUT	RAILROAD				400	GRINDS4	39,558
F265036	TURNOUT	RAILROAD				600	HANFORDR	920

RAILROAD EQUIPMENT

1100 AREA TRANSFER

OCTOBER 1, 1998

PROPERTY	PR NAME	MFGNAME	MFGMODEL	SERIAL NUMBER	EQTYPE	AREA	BLDG	TOTMEM COST
F265037	TRACK	RAILROAD				600	HANFORDR	1,009,216
F265038	TRACK	RAILROAD				600	HANFORDR	1,061,026
F265039	TURNOUT	RAILROAD				600	HANFORDR	39,558
F265040	TURNOUT	RAILROAD				600	HANFORDR	39,558
F265042	TRACK	RAILROAD				600	HANFORDR	975,798
F265043	TRACK	RAILROAD				600	HANFORDR	97,120
F265044	TURNOUT	RAILROAD				1100	1171	920
F265045	TURNOUT	RAILROAD				1100	1171	920
F265046	TURNOUT	RAILROAD				1100	1171	920
F265047	TURNOUT	RAILROAD				1100	1171	920
F265048	TURNOUT	RAILROAD				1100	1171	920
F265049	TURNOUT	RAILROAD				1100	1171	920
F265050	TURNOUT	RAILROAD				1100	1171	920
F265051	TURNOUT	RAILROAD				1100	1171	12,985
F265052	TURNOUT	RAILROAD				1100	1171	920
F265053	TURNOUT	RAILROAD				1100	1171	920
F265054	TURNOUT	RAILROAD				1100	1171	12,985
F265055	TURNOUT	RAILROAD				1100	1171	920
F265056	TURNOUT	RAILROAD				1100	1171	12,985
F265057	TURNOUT	RAILROAD				1100	1171	920
F265058	TURNOUT	RAILROAD				1100	1171	920
F265059	TURNOUT	RAILROAD				1100	1171	920
F265060	TURNOUT	RAILROAD				1100	1171	920
F265061	TURNOUT	RAILROAD				1100	1171	920
F265062	TURNOUT	RAILROAD				1100	1171	920
F265063	TURNOUT	RAILROAD				1100	1171	920
F265064	TURNOUT	RAILROAD				1100	1171	920
F265065	TURNOUT	RAILROAD				1100	1171	920
F265066	TRACK	RAILROAD				1100	1167	8,496
F265067	TURNOUT	RAILROAD				1100	1167	920
F265068	TURNOUT	RAILROAD				1100	1167	920
F265070	TRACK	RAILROAD				600	HANFORDR	106,200
F265071	TRACK	RAILROAD				600	HANFORDR	1,250,000
F265072	TURNOUT	RAILROAD				600	HANFORDR	24,026
F265073	TURNOUT	HANFORD				600	HANFORDR	24,000
F265074	TRACK	RAILROAD				600	HANFORDR	277,103
F265075	TRACK	RAILROAD				600	HANFORDR	378,935
F265076	TURNOUT	RAILROAD				600	HANFORDR	39,558

RAILROAD EQUIPMENT

1100 AREA TRANSFER

OCTOBER 1, 1998

PROPERTY	PR NAME	MFGNAME	MFGMODEL	SERIAL NUMBER	EQTYPE	AREA	BLDG	TOTMEM COST
F265077	TURNOUT	RAILROAD				600	11ANFORDR	39,558
F265131	TRACK	RAILROAD				3000	GRNDSJK	11,329
F291020	TURNOUT	RAILROAD				600	11ANFORDR	3,709
10A03623	FLATCAR	UNION PACIFIC	1968	UP258241	RAILROAD	1100	1171	3,500
10A03625	FLATCAR	UNION PACIFIC		UP258362	RAILROAD	1100	1171	3,500
10A03806	FLAT CAR	MAGOR	W2483	JR527	RAILROAD	1100	1171	15,284
10C04615	RR CAR	M K	1957	UNKNOWN	RAILLAST	1100	1171	5,947
10C04616	RR CAR	M K	1957	UNKNOWN	RAILLAST	1100	1171	5,947
10I03660	GANG CAR	FAIRMONT	A6G116702	253837	RAILROAD	1100	1171	19,691
10G04619	TROLLEY CAR	GEISMAR FRANCE	TR16	84127	RAILROAD	1100	1171	11,826
1003680	RAIL LIFTER	FAIRMONT	W86F2	254025	W86-F-2	1100	1171	8,891
1003681	SPIKE DRIVER	TAMPER INC	DMN	1387316	CHAIN DRIVE	1100	1171	20,179
1003682	BALLAST REGULATOR	TAMPER INC	DIEB17	1787168	TAMPERAD	1100	1171	113,170
1005031	TIE EXTRACTOR	TAMPER INC	TSR	11M87051	RAILROAD	1100	1171	62,158
1005942	TIE HANDLER	RAILWAY	2181A	559	RAILROAD	1100	1171	48,817
1005944	RR TAMPER & LIMER	TAMPER INC	1986	1089966	ESTDAG MARK II	1100	1171	193,211
1304067	COMPRESSOR	JOY	1001RPP21A	167984	AIR ROTARY SC	1100	1171	11,100
1304469	COMPRESSOR	SULLIVAN	D18SQ42TA1ED	204737	AIR	1100	1171	9,568
1304498	COMPRESSOR	SULLIVAN INDUSTRIES	D18SQV	11025	AIR TRAILER MO	1100	1171	12,139
3903727	LOCOMOTIVE	GENERAL MOTORS	MP15AC	R36053-1	DIESEL	1100	1171	741,985
3903728	LOCOMOTIVE	GMC ELECTROMOTIVE	MP15AC	R16059-1	DIESEL	1100	1171	721,420
7405555	GENERATOR	ONAN	2.5AJ/11P1	C810557758	GAS POWERED	1100	1171	1,237
7806015	WEED TRIMMER	JOHN DEERE	38B	M003R11X011880	PORTABLE	1100	1171	233
7806016	WEED TRIMMER	JOHN DEERE	38B	M003R11X011892	PORTABLE	1100	1171	233
	TOTAL ACQUISITION VALUE							10,892,712

STOCK NUMBER	EQUIPMENT DESCRIPTION	BALANCE	UNIT	UNIT PRICE	TOTAL PRICE
5900-8433	WASHER; LOCK; FOR 3/4 IN. BOLTS	1400	EA	0.11	154.00
5900-8434	WASHER; LOCK; FOR 7/8 IN. BOLTS	1615	EA	0.17	274.55
5900-8435	WASHER; LOCK; FOR 1 IN. BOLTS	675	EA	0.26	175.50
5910-0410	DALLAST; RR; ROCK, PREWASHED, 3/4" TO 1-1/2"	150	CYD	12.28	1842.00
5910-0415	BAR 5x5 1/2 X 6; 90 RA to 72 C.N.W. HOLE PUNCH 5 IN. X 5 1/2 IN X 6 IN CAST	3	PR	58	174.00
5910-0580	BOLT; GUARD RAIL; 1-1/8" X 7" LONG WITH NUT	27	EA	14.75	398.25
5910-0581	BOLT; GUARD RAIL; 1-1/8" X 8" LONG WITH NUT	12	EA	3.88	46.56
5910-0583	BOLT; TRACK; 3/4" X 4" LONG	175	EA	1.68	294.00
5910-0585	BOLT; TRACK; 7/8" X 5" LONG	300	EA	2.12	636.00
5910-0588	BOLT; TRACK; 1" X 6" LONG	6	EA	165.86	995.16
5910-0589	BOLT; SIZE UNKNOWN	240	EA	0.48	115.20
5910-0950	CRANK; CENTURY SWITCH STAND; DOUBLE END	3	EA	3.4	10.20
5910-3321	JOINT; COMPROMISE; 112RE-90RA CAST LII	1	PR	36	36.00
5910-3322	JOINT; COMPROMISE; 112RE-90RA CAST RII	1	PR	36	36.00
5910-3323	JOINT; COMPROMISE; HOLE PUNCH -5X5X5" LII 90RD-90RA CAST	3	PR	132	396.00
5910-3324	JOINT; COMPROMISE; HOLE PUNCH -6X6X6" RII 90RII-90RA CAST	3	PR	132	396.00
5910-3811	LENS; REFLECTOR UNIT, GREEN	4	EA	2.36	9.44
5910-3812	LENS; REFLECTOR UNIT, RED	5	EA	2.36	11.80
5910-5610	PROTECTORS; SWITCH POINT; 85AS COMPLETE	10	EA	8.76	87.60
5910-5611	PROTECTORS; SWITCH POINT; 90 RA COMPLETE	7	EA	13.75	96.25
5910-5613	PROTECTORS; SWITCH POINT, COMPLETE; 100RE	6	EA	10	60.00
5910-5614	PROTECTORS; SWITCH POINT, PLATES ONLY; 100 RE	1	EA	7.48	7.48
5910-7042	SPIKES; TRACK; 9/16" X 5 -1/2" LONG	5	BOX	136.85	684.25
5910-7051	SPINDEL; NO. 63 SWITCH STAND	3	EA	8.69	26.07
5910-7100	STRINGS; 8" X 17" X 16"	5	EA	135.5	677.50
5910-7561	TIES, CROSS; 8" X 7" X 9", ROUGH CUT, GRADE 1 DOUGLAS FIR	394	EA	34.67	13659.98
5910-7562	TIES, CROSS; 9" X 7" X 9", ROUGH CUT, GRADE 1 DOUGLAS FIR	368	EA	21.27	7827.36
5910-7563	TIES, SWITCH; 7" X 9" X 10", ROUGH CUT, GRADE 1 DOUGLAS FIR	3	EA	38.5	115.50
5910-7565	TIES, SWITCH; 7" X 9" X 12", ROUGH CUT, GRADE 1 DOUGLAS FIR	9	EA	44.16	397.44

STOCK NUMBER	EQUIPMENT DESCRIPTION	BALANCE	UNIT	UNIT PRICE	TOTAL PRICE
5910-7566	TIES; SWITCH; 7"X9"X11', ROUGH CUT, GRADE 1 DOUGLAS FIR	5	EA	40.08	200.40
5910-7567	TIES; SWITCH; 7"X9"X13', ROUGH CUT, GRADE 1 DOUGLAS FIR	15	EA	47.39	710.85
5910-7569	TIES; SWITCH; 7"X9"X14', ROUGH CUT, GRADE 1 DOUGLAS FIR	13	EA	52.6	683.80
5910-7570	TIES; SWITCH; 7"X9"X16', ROUGH CUT, GRADE 1 DOUGLAS FIR	16	EA	61.49	983.84
5910-7571	TIE; BRIDGE TIMBER; 8"X8"X9', ROUGH CUT, GRADE 1 DOUGLAS FIR	3	EA	31.35	94.05
5910-7572	TIE; BRIDGE TIMBER; 8"X8"X10', ROUGH CUT, GRADE 1 DOUGLAS FIR	41	EA	34.83	1428.03
5910-7573	TIE; BRIDGE TIMBER; 10"X12"X10', ROUGH CUT, GRADE 1 DOUGLAS FIR	39	EA	66.85	2607.15
5910-7575	TIES; SWITCH; 7"X9"X21', ROUGH CUT, GRADE 1 DOUGLAS FIR	0	EA	56.23	0.00
5910-7576	TIE; BRIDGE TIMBER; 14"X12"X14', ROUGH CUT, GRADE 1 DOUGLAS FIR	3	EA	212	636.00
5910-7577	TIE; BRIDGE TIMBER; 14"X12"X12', ROUGH CUT, GRADE 1 DOUGLAS FIR	2	EA	182	364.00
5910-7578	TIE; BRIDGE TIMBER; 12"X12"X18', ROUGH CUT, GRADE 1 DOUGLAS FIR	1	EA	234	234.00
5910-7579	TIE; BRIDGE TIMBER; 14"X12"X12', ROUGH CUT, GRADE 1 DOUGLAS FIR	1	EA	182	182.00
5910-7580	TIE; BRIDGE TIMBER; 4"X8"X20', ROUGH CUT, GRADE 1 DOUGLAS FIR	4	EA	75.4	301.60
5915-0005	SHOE; BRAKE; COBRA NO. V-139, 2.00"	19	EA	10.24	194.56
5915-0012	SHOE; BRAKE; TRUCK ASSY., AIBEX NO. G4811CR, EMD	16	EA	11.67	186.72
6196-5915-0023	PLATE; CENTER; CAST BODY; PAACCAR 54226	7	EA	466	3262.00
5915-0024	PLATE; CENTER; TRUCK BOLSTER; PAACCAR 54226	10	EA	430.2	4302.00
5915-026	BRUSH; CARBON; MAIN GENERATOR, EMD 8307806	48	EA	3.67	176.16
5915-0028	SHOE; BRAKE; Y754559-001, FOR TAMPER	4	EA	59.41	237.64
5915-0029	PHOTOCELL; LEAD-SULFIDE, L4141284, FOR TAMPER	2	EA	140.73	281.46
5915-0041	BRAKE; HEAD	4	EA	0	0.00
5915-0042	BRAKE; HEAD; PACIFIC CAR NO. GS6257-1	4	EA	15.84	63.36
5915-0044	SHAFT; DRIVE, FLEXIBLE POWER	1	EA	248.06	248.06
5915-0045	PHOTOCELL; SILICONE	1	EA	190.24	190.24
5915-0049	PLUG; APPLETON API6034	6	EA	52.55	315.30
5915-0050	RECEPTACLE, APPLETON AR16034	6	EA	58.25	349.50

RAILROAD EQUIPMENT

1100 AREA TRANSFER

OCTOBER 1, 1998

STOCK NUMBER	EQUIPMENT DESCRIPTION	BALANCE	UNIT	UNIT PRICE	TOTAL PRICE
5915-0066	WICK; JOURNAL; 7"X14"	14	EA	31.95	447.30
5915-0068	WICK; JOURNAL; 6"X11"	13	EA	22	286.00
5915-0069	WICK; JOURNAL; 5-1/2"X10"	9	EA	18.35	165.15
5915-0071	PLATE; CENTER; 14", BOWL 1-1/4", FLANGE 18"X20-3/8"	2	EA	190	380.00
5915-0072	PLATE; CENTER; 14", BOWL 3/4", FLANGE 18"X20"	4	EA	132	528.00
5915-0073	PLATE; CENTER 14"; BOWL 1"; FLANGE 20-3/4" SQUARE	2	EA	182	364.00
5915-0113	WICK; LUBRICATOR	8	EA	23.61	188.88
5915-0125	VALVE PART; INSERT, HOOK REWORK	2	EA	85.57	171.14
5915-0126	SWITCH; SHADOW BOARD LIMIT	1	EA	83.2	83.20
5915-0128	JOYSTICK; L426050	1	EA	101.18	101.18
5915-0130	SWITCH; PUSHBUTTON; L422428	1	EA	7913	7913.00
5915-0134	BELT; V-BELT; L40930	8	EA	14.79	118.32
5915-0136	BUSING, INSULATING	8	EA	13.3	106.40
5915-0137	GUIDE; SPRING MOUNTING	4	EA	151.1	604.40
5915-0141	BOARD; OUTPUT; 115VAC	1	EA	391.01	391.01
5915-0142	BOARD; INPUT; 115VAC	1	EA	295.08	295.08
5915-0143	TAMPER, HEAD, FIBER OPTICS SCANNER	1	EA	96.5	96.50
5915-0144	BLOCK; PHOTOCCELL LAMP	1	EA	152.96	152.96
5915-0146	CYLINDER; SQUEEZE; X68297	1	EA	591.5	591.50
5915-0152	TRAVERSE VALVE	2	EA	60.72	121.44
5915-0153	VALVE; RELIEF	1	EA	115.51	115.51
5915-0154	SWITCH; LIMIT; L422907	4	EA	106.84	427.36
5915-0157	PLUG; CABLE; L421259	6	EA	12.92	77.52
5915-0158	RECEPTACLE; CABLE; L421261	6	EA	19.41	116.46
5915-0169	VALVE; SECTION, Y766689-001	2	EA	247.68	495.36
	TOTAL VALUE OF SPARE PARTS				62210.48

MISCELLANEOUS RAIL ROAD TOOLS FOR SOUTHERN CONNECTION LIST 1
REV. O - 4/1/98

Property Name	Quantity	Acquisition Value	Total Value
Rubber Raft	1	\$10/Ea.	\$ 10.00
Adze	2	\$20/Ea.	\$ 40.00
Air Hose	50'	\$200/Ea.	\$ 200.00
Air Spiker	3	\$10/Ea.	\$ 30.00
Air Wrench	3	\$50/Ea.	\$ 150.00
Bander	2	\$150/Ea.	\$ 300.00
Banding Rolls	4	\$200/Ea.	\$ 800.00
Bridge Tools (Misc.)	1 Lot	\$2,000/LOT	\$ 2,000.00
Bullpricks	12	\$10/Ea.	\$ 120.00
Cadweld	22 Boxes	\$15/Ea.	\$ 330.00
Cadweld Rail Mold	4 Joint	\$25/Ea.	\$ 100.00
Cadweld Rail Mold	6 Web	\$10/Ea.	\$ 60.00
Cadweld Wires	50	\$25/Ea.	\$ 1,250.00
Caulking Gun	4	\$10/Ea.	\$ 40.00
Chain Saw	1	\$600/Ea.	\$ 600.00
Claw Bar	15	\$25/Ea.	\$ 325.00
Clevis	11	\$20/Ea.	\$ 220.00
Cold Cuts	5	\$15/Ea.	\$ 75.00
Como-A-Long	1	\$75/Ea.	\$ 75.00
Crescent Wrench	10	\$25/Ea.	\$ 250.00
Crimper (Bander)	2	\$20/Ea.	\$ 40.00
Crossing Cleaner	10	\$10/Ea.	\$ 100.00
Crow Bars	6	\$25/Ea.	\$ 150.00
Dolloys	2	\$50/Ea.	\$ 100.00
Drill (Electric)	1	\$75/Ea.	\$ 75.00
Drill Bits (Bridge)	4	\$10/Ea.	\$ 40.00
Extension Cords	3	\$15/Ea.	\$ 45.00
Ferdinand	5	\$15/Ea.	\$ 75.00
Fire Extinguisher	6	\$50/Ea.	\$ 300.00
Flammable Storage Cabinet	3	\$450/Ea.	\$ 1,350.00

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MISCELLANEOUS RAIL ROAD TOOLS FOR SOUTHERN CONNECTION LIST 1
REV. O - 4/1/98

Funnels	6	\$40/Ea.	\$ 240.00
Gas Cans	12	\$20/Ea.	\$ 240.00
Grease Guns	6	\$45/Ea.	\$ 270.00
Grind Wheels	8 Boxes	\$25/Box	\$ 200.00
Grinder (Electric Hand)	1	\$250/Ea.	\$ 250.00
Hand Pump	2	\$150/Ea.	\$ 300.00
Hand Saw	2	\$20/Ea.	\$ 40.00
Harness	9	\$15/Ea.	\$ 135.00
Insulated Joint Bar Kits for 902	7	\$40/Ea.	\$ 280.00
Jack Hammer	1	\$150/Ea.	\$ 150.00
Jack Hammer Bits	15	\$50/Ea.	\$ 750.00
Ladder	2	\$100/Ea.	\$ 200.00
Level Board	10	\$20/Ea.	\$ 200.00
Life Vest	2	\$50/Ea.	\$ 100.00
Lining Bar	6	\$75/Ea.	\$ 450.00
Magic Moll	19 Barrels	\$50/Ea.	\$ 950.00
Metal Targets	6	\$20/Ea.	\$ 120.00
Misc. Signs	1 Lot	\$500/Lot	\$ 500.00
Monday Maul	10	\$10/Ea.	\$ 100.00
Nipping Bar	8	\$25/Ea.	\$ 200.00
Nolan Carls	2	\$250/Ea.	\$ 500.00
Pick	15	\$75/Ea.	\$ 1,125.00
Pitchfork	6	\$40/Ea.	\$ 240.00
Plastic Targets	2 Boxes	\$5/Box	\$ 10.00
Pliers	6	\$10/Ea.	\$ 60.00
Plug Sitter	2	\$10/Ea.	\$ 20.00
Post Hole Digger	2	\$45/Ea.	\$ 90.00
Post Pounder	3	\$10/Ea.	\$ 30.00
Rail Drill Bits (Assorted Sizes)	12 Boxes	\$200/Box	\$ 2,400.00
Rail Expander	4	\$400/Ea.	\$ 1,600.00
Rail Sliders	5	\$100/Ea.	\$ 500.00

MISCELLANEOUS RAIL ROAD TOOLS FOR SOUTHERN CONNECTION LIST 1
REV. O - 4/1/98

Rail Tongs	2	\$150/Ea.	\$ 300.00
Rail Turner	5	\$50/Ea.	\$ 250.00
Ratchet Tie Downs	3	\$50/Ea.	\$ 150.00
Ratchet's (Bander)	2	\$25/Ea.	\$ 50.00
Road Master	5	\$50/Ea.	\$ 250.00
Rope	50'	\$200/Lol	\$ 200.00
Scaffolding Platform	3	\$100/Ea.	\$ 300.00
Screwdriver	12	\$10/Ea.	\$ 120.00
Shovel (Longhandle)	15	\$25/Ea.	\$ 325.00
Shovel (Shorthandlo)	12	\$25/Ea.	\$ 300.00
Shovel (Snow)	11	\$20/Ea.	\$ 220.00
Sight Tubing (spayer)	20'	\$100/Lol	\$ 100.00
Sockets for 1" Drive	25	\$2/Ea.	\$ 50.00
Sockets for Ratchet	10	\$5/Ea.	\$ 50.00
Spiko Maul	25	\$15/Ea.	\$ 325.00
Spike Maul Handles	1 Box	\$20/Box	\$ 20.00
Spill Container	3	\$10/Ea.	\$ 30.00
Tamping Gun	8	\$250/Ea.	\$ 2,000.00
Tie Tongs	6	\$50/Ea.	\$ 300.00
Tin Snips	2	\$15/Ea.	\$ 30.00
Track Ratchet	3	\$25/Ea.	\$ 75.00
Track Broom	12	\$40/Ea.	\$ 480.00
Track Clamp	6	\$50/Ea.	\$ 300.00
Track Gauge	9	\$40/Ea.	\$ 360.00
Track Jacks	11	\$100/Ea.	\$ 1,100.00
Track Ratchet Wrench	3	\$200/Ea.	\$ 600.00
Track Wrench	30	\$50/Ea.	\$ 1,500.00
Wheelstops	1 Pair	\$200/Pr.	\$ 200.00
Welding Shields (yellow)	2	\$50/Ea.	\$ 100.00
Total cost			\$ 31,585.00

RAIL EQUIPMENT FOR SOUTHERN CONNECTION
REV. Q - 4/1/98

Property Name	Description	Size	Quantity	Location	Notes	Acquisition Value	Total Value
Frog	115	#8	2	B320	3.5 X 6 X 6	\$15,000/Ea.	\$ 30,000.00
Frog	115RE	#10	3	6194		\$15,000/Ea.	\$ 45,000.00
Frog	90AS	#10	1	6194		\$10,000/Ea.	\$ 10,000.00
Gauge Plates	115RE		3	6194		\$200/Ea.	\$ 600.00
Guard Rail	90 Lb. & up		3	6194	SW Point Guard Rails	\$100/Ea.	\$ 300.00
Heel Blocks	90RA		8	6194		\$50/Ea.	\$ 400.00
High Rail Equipment			2		For Converting Pickups	\$7,000/Set	\$ 14,000.00
Joint Bar	9020		35	6194	5 X 5 X 5	\$40/Pr.	\$ 700.00
Joint Bar	9036		18	6194	6 X 5 X 6	\$40/Pr.	\$ 360.00
Joint Bar	115RE		18 Pair	6194	Insulated	\$40/Pr.	\$ 720.00
Joint Bar	115RE		20 Pair	B468	6 X 6 X 7 X 6 X 6	\$40/Pr.	\$ 800.00
Joint Bar	902RA		60	6194	5 X 5 X 5	\$40/Pr.	\$ 1,200.00
Joint Bar	90AS		24	6194	5 X 5 X 5	\$40/Pr.	\$ 480.00
Joint Bar	90RA		14	6194	6 X 6 X 6	\$40/Pr.	\$ 280.00
Joint Bar	90RA		85	6194	5.5 X 5.5 X 5.5	\$40/Pr.	\$ 1,700.00
Plates	115		10	B468	5.5" Insulated Plates	\$50/Ea.	\$ 500.00
Plates	115RE		50	B468	Double Shoulder	\$35/Ea.	\$ 1,750.00
Plates	902 to 110 Lb.		30	B468	5.25 to 6.25" (Portac Poly-plates) (Insulated)	\$20/Ea.	\$ 600.00
Push Car			5			\$945/Ea.	\$ 4,725.00
Rail	9010		1	6194	Short	\$100/Ea.	\$ 100.00
Rail	9010		8	6194	Long	\$300/Ea.	\$ 2,400.00
Rail	9030		3	6194	Long	\$300/Ea.	\$ 900.00
Rail	9030		2	6194	Short	\$100/Ea.	\$ 200.00
Rail	9040		6	6194		\$100/Ea.	\$ 600.00

E-18

RAIL EQUIPMENT FOR SOUTHERN CONNECTION

REV. 0 - 4/1/98

Rail	115RE	6	B468	80' Slicks	\$900/Ea.	\$ 5,400.00
Rail	9020RA	12	6194	Long	\$300/Ea.	\$ 3,600.00
Rail	9020RA	2	6194	Short	\$100/Ea.	\$ 200.00
Rail	902RA	11	6194	Short	\$100/Ea.	\$ 1,100.00
Rail	902RA	4	6194	Long	\$300/Ea.	\$ 1,200.00
Rail	9036ill	1	6194	Short	\$100/Ea.	\$ 100.00
Rail	90GN	6	6194	33'	\$100/Ea.	\$ 600.00
Rail Anchors	90 Lb.	2 Dins	6194		\$200/Bin	\$ 400.00
Rail Drill		1			\$1,295/Ea.	\$ 1,295.00
Rail Saw		2			\$1,295/Ea.	\$ 2,590.00
Rail Spikes	115 LB.	2 Kegs	B468	5/8 X 6 (spikes for 115 Lb. Rail)	\$200/Keg	\$ 400.00
Re-Railers		2 Sets	6194		\$100/Set	\$ 200.00
Spiko Puller		1			\$4,601/Ea.	\$ 4,601.00
Switch Components	115RE	1 Pallet	6194	Rail Braces, Hool Blocks #1 & #2 Rods.	\$1,100/Ea.	\$ 1,100.00
Switch Components	90 Lb.	3 Pallets	6194	Rail Braces, Switch Plates.	\$800/Ea.	\$ 2,400.00
Switch Grinder		1			\$4,950/Ea.	\$ 4,950.00
Switch Plates	115RE	30	6194	Switch and Guard Rail Plates	\$50/Ea.	\$ 1,500.00
Switch Point	115	1	B320	3.5 X 6 X 6 RH	\$200/Ea.	\$ 200.00
Switch Point	115RE	4	6194	2 RH/2 LH	\$200/Ea.	\$ 800.00
Switch Point	115RE	2	B320	RH switch point 16'6".	\$200/Ea.	\$ 400.00
Switch Point	90AS	23	6194		\$100/Ea.	\$ 2,300.00
Switch Point Braces	115 Lb.	2 Barrels	6194	Mud Rail Braces	\$100/Ea.	\$ 200.00
Switch Stand		6	OTM	Racor 36D Low Banner	\$400/Ea.	\$ 2,400.00
Tie Plugs	115 Lb.	22 Bundles	6194	Creasode	\$10/Ea.	\$ 220.00

15-19

RAIL EQUIPMENT FOR SOUTHERN CONNECTION
REV. 0 - 4/1/98

Total Cost							\$ 156,471.00

B-20

EXHIBIT A

PROPOSED OPERATING PLAN

1. UP and BNSF recognize TCRY as the operating railroad on the line and will accordingly comply with requirements of GCOR 1.14 (Employee Jurisdiction).
2. Regular UP and BNSF operations will begin with entry to the line at Richland Junction at such time as agreed to between each respective railroad and TCRY. This does not preclude operation on any days or at times as needed and will be coordinated between UP, BNSF and TCRY.
3. Authority for movement shall be GCOR Rule 6.28 (other than main tract). GCOR rules shall be formally adopted and subscribed to by all parties. Prior to each entry on to TCRY tracks at Richland Jct, UP and BNSF shall be required to contact TCRY and TCRY will be required to be available to respond 24/7, pursuant to instructions listed in Timetable, System Special Instructions or General Order via radio on AAR channel 15/15 or telephone to coordinate operations including providing TCRY with an estimated departure time.
4. Communications shall be on AAR channel 15/15 as designated by TCRY. This shall in no way relieve any party of compliance with GCOR 6.28 and is for efficient use of the track only.
5. Operations testing of train crews shall be performed by the officers of the respective railroads in accordance with their own testing guidelines or jointly with TCRY.
6. Any car storage or required line maintenance shall be communicated by TCRY to UP and BNSF and shall not unreasonably impede service to railroad customers.
7. TCRY will provide either a clear track in Richland yard or a clear and accessible wye track to run around cars to be spotted at railroad customers.
8. Based upon potential changes in business patterns and volumes over time, any party may initiate discussions to revise the Operating Plan. Proposed changes to this Operating Plan shall be submitted to the Port of Benton for prior approval. The Port shall review the proposed changes for compliance with Port-TCRY Railroad Lease and the underlying contracts with BNSF and UP.
9. Timetable, System Special Instructions and General Orders submitted with this document which becomes effective December 22, 2011 at 00:01 shall remain in effect. Any modifications,

additions or deletions which do not unreasonably restrict the rights of the parties may be enacted by TCRY upon 5 calendar days notice in advance of the effective date. Proposed System Special Instructions and General Orders shall be submitted to the Port of Benton for prior approval. The Port shall review the proposed changes for compliance with Port-TCRY Railroad Lease and the underlying contracts with BNSF and UP. TCRY may, at its reasonable discretion, issue General Orders which will be immediately effective to protect the safety of railroad employees and the general public, such as temporary speed restrictions, tracks removed from service, malfunctioning grade crossing warning devices or other similar conditions requiring immediate protection.

10. In the event a dispute arises among the parties concerning the application of this Operating Plan or proposed changes to the Plan, Timetable, System Special Instructions and General Orders, related to rail operations over property given to the Port of Benton by the Department of Energy on or about October 1, 1998, the dispute shall be submitted to the Port of Benton under the terms of the Port-TCRY Railroad Lease and the underlying contracts with BNSF and UP for resolution.

Agreed and submitted on _____, 2012 by:

Union Pacific

BNSF Railway Company

Tri City Railway



Tri-City & Olympia Railroad Company

General Order No. 1

Effective: December 22, 2011, 00:01

All General orders issued prior to December 22, 2011 are annulled.

On March 21st, 2000, the Tri-City Railroad Company of Richland, Washington, which is now known as the Tri-City & Olympia Railroad Company, submitted the required documentation to the Federal Railroad Administration to support the start up of local railroad service by TCRY.

The following programs, policies and procedures have been adopted by the Tri-City & Olympia Railroad Company:

- Roadway Worker Protection
- On-Track Safety Manual for Roadway Worker Protection
- Locomotive Engineer Qualification Program
- Drug & Alcohol Testing Programs
- Radio Standards
- Blue Signal Protection
- Flag Protection
- Accident Reporting
- Operating Rules & Operations Testing Program
- Safe Work Practices for Train & Engine Employees
- Timetable & Special Instructions
- Crossing Signal Reporting
- DOT Hazardous Material Training Regulations
- Internal Control Plans

The Tri-City & Olympia Railroad Company offers railroad switching and transportation services and shipment reload operations.

RV Peterson

CEO

Tri-City & Olympia Railroad Company



Tri-City & Olympia Railroad Company

General Order No. 2

Effective: December 22, 2011, 00:01

Occupancy of TCRY track from Richland Jct, MP B46.6 to Hanford (Horn Rapids Road) MP B35.8 is governed by GCOR Rule 6.28.

Upon arrival at Richland Jct all trains needing to occupy TCRY track must contact TCRY yardmaster or authorized employee.

To obtain permission to proceed past Steptoe Station No. 00201 (MP B45.8) contact TCRY yardmaster or authorized employee and provide train consist, destination and estimated departure time.

To obtain permission to proceed past Saint Station No. 00212 (MP B38.6) contact TCRY yardmaster or authorized employee and provide train consist, destination and estimated departure time.

To obtain permission to proceed past Horn Rapids Station No. 00310 (MP B37.0) contact TCRY yardmaster or authorized employee and provide train consist, destination and estimated departure time.

TCRY radio frequency: 160.335
TCRY telephone: 509-727-8824.

RV Peterson
CEO
Tri-City & Olympia Railroad Company



Tri-City & Olympia Railroad Company

General Order No. 3

Effective: December 22, 2011, 00:01

The following Systems Special Instructions and Timetables are now in effect:

1. TCRY System Special Instructions No. 8, dated December 22, 2011.
2. TCRY Timetable 1st Subdivision No. 8, dated December 22, 2011.

TCRY System Special Instructions No. 7 and TCRY Timetable 1st Subdivision No. 7 are RESCINDED and superseded by the foregoing.

All hours of service employees, officers and supervisors are required to have a copy of the current Timetable and System Special Instructions in their possession while on company property and engaged in company service.

These timetables, which are in effect until rescinded by General Order, shall be governed accordingly.

RV Peterson

CEO

Tri-City & Olympia Railroad Company



Tri-City & Olympia Railroad Company

General Order No. 4

Effective: December 22, 2011, 00:01

The following rules are now in effect:

1. General Code of Operating Rules, Fifth Edition, Effective April 3, 2005, Including UPRR Amendments up to July 24, 2009
2. UPRR Air Brake and Train Handling Rules, effective April 1, 2004 (Including revisions up to August 13, 2009)
3. UPRR TY&E Safety Rules, effective July 30, 2005 (Including revisions up to August 7, 2009)
4. BNSF Mechanical Safety Rules and Policies, effective April 15, 2007 (Including revisions up to January 30, 2009)
5. UPRR Maintenance of Way Operating Rules, effective November 17, 2008 (Including revisions up to July 24, 2009)
6. UPRR Employee Safety Rules, effective July 30, 2007 (Including revisions up to August 7, 2009)
7. UPRR Maintenance of Way Safety Rules effective November 17, 2008 (including revisions up to July 24, 2009)
8. United States Hazardous Material Instructions for Rail, effective July 29, 2008.
9. Tri City & Olympia Railroad Company On-Track Safety Manual for Roadway worker Protection, effective June 22, 2005
10. North American Emergency Response Guidebook, 2008 edition

**RV Peterson
CEO
Tri-City & Olympia Railroad Company**



Tri-City & Olympia Railroad Company

General Order No. 5

Effective: December 22, 2011, 00:01

Switching and Spotting Industries

For Safety and efficiency, all switching and spotting of freight cars at TCRY served Industries will be done with a charged air system on every car.

RV Peterson

CEO

Tri-City & Olympia Railroad Company



Tri-City & Olympia Railroad Company

General Order No. 6

Effective: December 22, 2011, 00:01

Amendment to TCRY TY&E Safety Rule S-13.7.1 A. General Requirements 1

It will be the policy of Tri City & Olympia Railroad Company to stop the car, locomotive, or other on-track equipment at least 25 feet from the switch stand to be lined, when possible.

RV Peterson

CEO

Tri-City & Olympia Railroad Company



TRI-CITY & OLYMPIA RAILROAD CO.

**SYSTEM SPECIAL
INSTRUCTIONS**

No. 8

Effective 00:01

Supersedes System Special Instructions No. 7

December 22, 2011

RV Peterson, CEO

IMPORTANT PHONE NUMBERS

Police & Fire Emergency	911
Non-emergency Kennewick	509-628-0333
“ “ Richland	509-628-0333
RV PETERSON, CEO	509-554-0503
Rydel Peterson Vice President	509-460-0523
Rhett Peterson, Operations Manager/Yardmaster	509-727-8824
Rhett Peterson, Operations Manager Office	509-371-8114
TRI-CITY RR Office	509-371-8313
Emergency Contacts:	
Signals:	Primary – Rhett Peterson, 509-727-8824 Alternate – Mario Mendoza, 509-727-6622
Track:	Primary – Rhett Peterson, 509-727-8824 Alternate – Mario Mendoza, 509-727-6622
Alternate Contact: Rydel Peterson	509-460-0523
CHEMTREC	1-800-424-9300

Special Instructions:

**1. Speed Restrictions
(Maximum Speed Permitted)**

All Subdivisions 25mph

See individual subdivision for specific speeds

2. As stated in the Operating Plan "Prior to each entry onto TCRY tracks at Richland Junction, UP and BNSF shall be required to contact TCRY and TCRY will be required to be available to respond 24/7, pursuant to Instructions listed in Timetable, System Special Instructions or General Order via radio on AAR channel 15/15 or telephone to coordinate operations including providing TCRY with an estimated departure time."

**3. Track Side Failed Equipment Detectors (FED)
NONE**

4. In effect on: TRI CITY & OLYMPIA RAILROAD CO.

Employees will be governed by:

General Code of Operating Rules, Fifth Edition, effective April 3, 2005, including UPRR Amendments up to July 24, 2009

For Exceptions Refer to TCRY General Orders

UPRR Air Brake and Train Handling Rules, effective April 1, 2004 (Including revisions up to August 13, 2009)

UPRR TY&E Safety Rules, effective July 30, 2005 (Including revisions up to August 7, 2009)

BNSF Mechanical Safety Rules and Policies; effective April 15, 2007 (Including revisions up to January 30, 2009)

UPRR Maintenance of Way Operating Rules, effective November 17, 2008 (including revisions up to July 24, 2009)

UPRR Employee Safety Rules, effective July 30, 2007 (including revisions up to August 7, 2009)

UPRR Maintenance of Way Safety Rules effective November 17, 2008 (including revisions up to July 24, 2009)

United States Hazardous Material Instructions for Rail, effective July 29, 2009.

Tri City & Olympia Railroad Company On-Track Safety Manual for Roadway Worker Protection, effective June 22, 2005

North American Emergency Response Guidebook, 2008 edition

5. Equipment Restrictions

The following equipment must be placed ahead of caboose or on the rear of caboose-less trains, except in work trains. Spacer/Idler cars may be used when necessary.

Pile drivers
Locomotive cranes
Empty ribbon rail cars
Rear end only cars
Jordan spreaders
Wedge plows
Dozers

When pile drivers, cranes, derricks or similar equipment are being moved on their own wheels or on cars in a train, they must be properly loaded and secured. Booms must be properly secured and, when possible, boom must be trailing. Equipment must be inspected before being moved.

Spreaders and dozers being moved in train must, when possible, be headed in the direction train is moving and wings must be properly secured.

6. Car Restrictions

Six or eight axle cars as well as dimensional cars (high/wide) may not move on Tri-City Railroad Co. trackage without prior approval of the General Manager.

A high/wide load may be moved in a train only after excessive dimension clearance message is received or a crewmember ascertains any applicable restrictions from the General Manager.

Crewmember must advise the General Manager and other crewmembers that train contains a high/wide load. Until the General Manager has been notified, the crewmember is responsible for protection against other wide loads.

Clearance message will contain all restrictions encountered over the entire route of movement.

When a high/wide load is set out enroute between terminals, load must be placed on a track which will provide sufficient clearance from the main track and the General Manager advised that the car is being set out.

When a high/wide load is handled, the crew is responsible for compliance with all restrictions in an excessive dimension clearance message.

A train must not pass a location where a restriction is shown for the meeting or passing of trains without authority from the General Manager.

7. Emergency Stop or Severe Slack Action

ALL Trains: Train must be visually inspected before proceeding if unusual slack action was experienced when stopped or if excessive power is required to start train. If excessive power is not required to start train, and physical characteristics prevent a complete walking train inspection, inspect as much of the train as possible. The train may then be moved, but may not exceed 5 MPH for the distance necessary to complete the inspection, and must be stopped immediately if excessive power is required to keep train moving.

8. Rule 6.32.2 Automatic Crossing Devices

Under any of the following conditions, a movement must not foul a crossing equipped with automatic warning devices until the device has been operating long enough to provide warning and the crossing gates, if equipped, are fully lowered:

Movement had been delayed or stopped within 3,000 feet of the crossing

Movement is closely following another movement

Movement is on other than the main track or siding

Employees must observe all automatic crossing warning devices and report any that are not operating properly to the yardmaster or proper authority by first available means of communication.

Notify all affected trains as soon as possible.

9. Securing Cars or Engines

When hand brakes are required, apply a sufficient number of hand brakes, but not less than two when there are two or more cars.

10. Time signals

Time signals received from WWVTIME may be used to set watches and clocks to correct time. The hours are given in Coordinated Universal Time; so, only the minutes and seconds may be used. Telephone number for WWVTIME is (402) 271-4601

11. Rule 4.3 Timetable Characters

B General orders, Notices and Circulars

C Radio Communications

J Junction

T Turning facility

P Telephone

12. Grade Crossing Accidents

The following information is designed to serve as post grade crossing accident guidelines. It is designed to provide the utmost in safety for you and your crew.

After the accident has occurred and the train is stopped:

- a) Ensure the safety of crewmembers, accident victims, and the public.
- b) Meet the requirements of rule 6.23.
- c) Ascertain and advise emergency services of exact location of the accident.
- d) Include alternate routes for the emergency vehicles if your train is blocking road crossings.
- e) Assess the damage to the vehicle and train to determine if there is any danger to your crew or the public.
- f) Assign a crewmember to monitor a radio to provide further information for emergency assistance.
- g) If it is safe, render assistance to accident victims. It is important not to move the victim unless a life-threatening situation exists.
- h) Only give information to:
The investigating officer, or, Authorized company managers. Cooperate with the investigating officer. Answer the officer's questions and provide as much information as you can recall. Record the badge number and name of the investigating police officer, that the headlight is on, and that the whistle and bell on lead unit are in proper working order. Also, note that the crossing warning devices are functioning.
- i) Assign a crewmember to verify the accuracy of the train list. Save all train lists, track warrants, track condition messages and other pertinent documents and provide these to Tri-City Railroad Co. Ascertain that no part of your train is derailed and that it will be safe to proceed once released by the investigating officer.
- j) Personal counseling will be available to any crew member who might experience post-accident trauma.

SPEED TABLE

Time Per Mile		Miles Per Hour	Time Per Mile		Miles Per Hour
Minutes	Seconds		Minutes	Seconds	
12	--	5.0	2	45	21.8
6	--	10.0	2	30	24.0
5	--	12.0	2	15	26.7
4	--	15.0	2	10	27.7
3	30	17.1	2	5	28.8
3	--	20.0	2	--	30.0

FEET	TENTHS OF A MILE
528	.1
1,056	.2
1,584	.3
2,112	.4
2,640	.5
3,166	.6
3,696	.7
4,224	.8
4,752	.9

END



TRI-CITY & OLYMPIA RAILROAD CO.

**TIMETABLE
1st Subdivision**

No. 8

Effective 00:01

December 22, 2011

RV Peterson, CEO

IMPORTANT PHONE NUMBERS

Police & Fire Emergency	911
Non-emergency Kennewick	509-628-0333
“ “ Richland	509-628-0333
RV PETERSON, CEO	509-554-0503
Rydel Peterson Vice President	509-460-0523
Rhett Peterson, Operations Manager/Yardmaster	509-727-8824
Rhett Peterson, Operations Manager Office	509-371-8114
TRI-CITY RR Office	509-371-8313
Emergency Contacts:	
Signals:	Primary – Rhett Peterson, 509-727-8824 Alternate – Mario Mendoza, 509-727-6622
Track:	Primary – Rhett Peterson, 509-727-8824 Alternate – Mario Mendoza, 509-727-6622
Alternate Contact: Rydel Peterson	509-460-0523
CHEMTREC	1-800-424-9300

TRI-CITY RAILROAD COMPANY

Timetable No. 7 Page 2 of 3

TCRY Station Table

Siding Length	Station No's	Mile Post Location	Stations	Rule 4.3 Opr's	Method of Operations
		B46.7	Union Pacific		GCOR 6.28
1800	00200	B46.6	Richland Jct.	J	GCOR 6.28
	00201	B45.8	Steptoe		
547	00205	B43.9	City Dock		
	00209	B39.5	Airport		
	00210	B39	Lamb		
845	00211		ConAgra		
	00212	B38.6	Saint		
	00300	B38.6	TCRY Yard	B,C,P,	
	00310	B37	Horn Rapids	T	
	00350	B35.8	Hanford		
	400		City Spur		

TCRY LOCATIONS NOT SHOWN ON TABLE

B45.7
 B45.5
 B44.4
 B44.4
 B43.3
 B42.7
 B41.9
 B41.0
 B40.0
 B38.5

Irrigation Canal Bridge
 Columbia Park Trail Overpass
 Yakima River Bridge
 Bike Path Pedestrian Crossing
 Jadwin Ave Crossing
 Berry's Overpass Bridge
 Duportail Road Crossing
 Cemetery Road Crossing
 Van Giesen Road Crossing
 Highway 240 Road Crossing

TRI-CITY RAILROAD COMPANY

Timetable No.7 Page 3 of 3

Special Instructions

10. Speed Restrictions

MP 46.6 to MP 38.6	20 MPH
MP B38.6 to MP B35.8	10 MPH
Trains & engines through	
Turn-outs	10 MPH
On tracks other than Industrial tracks	
Or sidings	10 MPH
City Lead	10 MPH
Kingsgate Crossing	5 MPH

11. The following Bridges and Overpasses have no walkway:

Irrigation Canal Bridge MP B45.7
Columbia Park Trail Overpass MP B45.5
Yakima River Bridge MP B44.4
Berry's Overpass Bridge MP B42.7

12. Type of Operation

GCOR Rule 6.28

END

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Presser, Timothy Richard		Inspector's Signature		Inspector's ID No. 70500	Report No. 023	Date yy mm dd 2018 02 27		
Railroad/Company Name & Address TRI-CITY RR CO. PO Box 1700 Richland WA 99352				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name Rhett Peterson Title VP Operations Email rhettwater@mac.com Signature _____		
From: City RICHLAND	Codes 1850	Destination City & County			Codes 1850	From Latitude		
State WA	53	City RICHLAND			1850	From Longitude		
County BENTON	C005	County BENTON			C005	To Latitude		
Mile Post: From 0029.73 To 0027.78		Inspection Point MAIN TRACK AND OTHER THAN MAIN TRACK				To Longitude		
Activity Code:	TOM	MTW	YTW	ENSS	TOY			
Units:	8	2	2	1	1			
Sub Units:	0	0	0	2	0			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1										N	N	0	

Description - [** Comment to Railroad/Company **]
Comments:
I conducted a walking inspection on Tri-City Rail Company in Richland, WA from MP 29.73 to MP 27.78. I was accompanied by Washington State Track Inspector John Martinsen. All defects from this report were marked with yellow-green marking ribbon. All milepost locations were estimated from the provided time table. A copy of this report was sent to Rhett Peterson on the day of the inspection.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0029.15			234	0311	B1	10		NOTPSTD	N	N	1	ENSS

Description
FAILURE TO PROPERLY LOCATE AND MAINTAIN THE SIGN(S) AT CROSSING Private road crossing was missing the Emergency notification sign (blue sign)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0028.90	YARD	T	213	0135	B1	10	1	W LEG WYE SW	N	N	1	TOY

Description
IMPROPER FIT BETWEEN SWITCH POINT AND STOCK RAIL. Gap on the left side switch point and stock rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No. 2130-0509

Inspector's ID No. 70500	Report No. 023	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0028.90	YARD	T	213	0135	D	10	1	W LEG WYE SW	N	N	1	TOY

Description
HEEL OF SWITCH INSECURE Left side heel block has loose bolt.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5	0028.90	YARD	Y	213	0121	F1	10	1	S LEG WYE TR	N	N	1	YTW

Description
LOOSE JOINT BARS (JOINTED TRACK) On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
6	0028.90	M	T	213	0121	F1	10	1	S LEG WYE SW	N	N	1	TOM

Description
LOOSE JOINT BARS (JOINTED TRACK) On the joint on the tail of the frog.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
7	0028.55	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
8	0028.55	M	T	213	0135	B1	10	1	N LADDER SW	N	N	1	TOM

Description
IMPROPER FIT BETWEEN SWITCH POINT AND STOCK RAIL. On the east switch point and stock rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 70500	Report No. 023	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
9	0028.55	M	T	213	0133	A7	10	1	N LADDER SW	N	N	1	TOM

Description
MISSING COTTER PINS. On the west switch point.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
10	0028.55	M	T	213	0135	A1	10	1	N LADDER SW	N	N	1	TOM

Description
STOCK RAIL NOT SECURELY SEATED IN SWITCH PLATES. On the west stock rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
11	0028.55	M	T	213	0135	D	10	1	N LADDER SW	N	N	1	TOM

Description
HEEL OF SWITCH INSECURE. Loose bolts on both heel blocks.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
12	0028.55	M	T	213	0133	A13	10	1	N LADDER SW	N	N	1	TOM

Description
LOOSE and BROKEN GUARD RAIL BOLTS. On the west guard rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
13	0028.51	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	18	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) 18 occurrences of loose joint bars on the main track between the north ladder switch and the south ladder switch.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
14	0028.47	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 52-inches to the north and 54-inches to the south.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
15	0028.25	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 48-inches to the north, 57-inches to the south.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
16	0028.20	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 27-inches to the north, 57-inches to the south.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
17	0028.15	M	T	213	0133	A7	10	1	SE XVER N YD SW	N	N	1	TOM

Description

MISSING COTTER PINS. Under switch stand on the bolt holding the lug to the spindle.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
18	0028.14	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	8	MTW

Description

LOOSE JOINT BARS (JOINTED TRACK) 8 occurrences of loose joint bars on the main track from the N X-ver SW to the Rip SW.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
19	0028.10	M	T	213	0135	D	10	1	RIP SW	N	N	1	TOM

Description

HEEL OF SWITCH INSECURE. Loose bolts on the east heel block.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
20	0028.10	M	T	213	0133	A12	10	1	RIP SW	N	N	1	TOM

Description

LOOSE FROG BOLTS.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
21	0028.05	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	3	MTW

Description

LOOSE JOINT BARS (JOINTED TRACK) 3 occurrences of loose joint bars on the main track between the Rip SW and the N Loco Spur SW.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
22	0028.03	M	T	213	0133	A7	10	1	N LOCO SP SW	N	N	1	TOM

Description

MISSING COTTER PINS. On bolt under the switch stand.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
23	0028.03	M	T	213	0135	B1	10	1	N LOCO SP SW	N	N	1	TOM

Description

IMPROPER FIT BETWEEN SWITCH POINT AND STOCK RAIL. On the east switch point and stock rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
24	0028.03	M	T	213	0135	D	10	1	N LOCO SP SW	N	N	1	TOM

Description

HEEL OF SWITCH INSECURE. Loose bolts east heel block.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
25	0028.03	M	T	213	0121	F1	10	1	N LOCO SP SW	N	N	1	TOM

Description

LOOSE JOINT BARS (JOINTED TRACK) West rail in the closure section of the turnout.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
26	0028.01	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	10	MTW

Description

LOOSE JOINT BARS (JOINTED TRACK) 10 occurrences of loose joint bars on the main track between the N Loco Spur SW and the Middle X-over SW.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
27	0027.95	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 46-inches to the south and 44-inches to the north.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
28	0027.95	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 130-inches to the south and 60-inches to the north.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
29	0027.95	M	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Six non-effective cross ties in a row.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
30	0027.93	M	T	213	0135	D	10	1	MIDDLE XVER SW	N	N	1	TOM

Description

HEEL OF SWITCH INSECURE. Loose bolts on the west heel block.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
31	0027.93	M	T	213	0121	F1	10	1	MIDDLE XVER SW	N	N	2	TOM

Description

LOOSE JOINT BARS (JOINTED TRACK) 2 occurrences of loose joint bars in the switch.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
32	0027.93	M	T	213	0133	A12	10	1	MIDDLE XVER SW	N	N	1	TOM

Description

LOOSE FROG BOLTS.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
33	0027.90	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	10	MTW

Description

LOOSE JOINT BARS (JOINTED TRACK) 10 occurrences of loose joint bars on the main track between the Middle X-over SW and the S Loco Spur SW.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
34	0027.89	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 34-inches to the north and 104-inches to the south.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
35	0027.89	M	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Six non-effective cross ties in a row.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
36	0027.88	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 44-inches to the north and 108-inches to the south.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
37	0027.88	M	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Five non-effective cross ties in a row.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
38	0027.85	M	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Five non-effective cross ties in a row.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
39	0027.84	M	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Five non-effective cross ties in a row.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
40	0027.84	M	M	213	0109	B3	10	1	MAIN TRACK	N	N	1	MTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT. Closest effective tie: 50-inches to the north and 62-inches to the south.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
41	0027.83	M	T	213	0133	A13	10	1	MAIN TRACK	N	N	1	TOM

Description

LOOSE GUARD RAIL BOLTS. On both guard rails.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
42	0027.83	M	T	213	0133	A12	10	1	MAIN TRACK	N	N	1	TOM

Description

LOOSE FROG BOLTS.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
43	0027.83	M	T	213	0135	D	10	1	MAIN TRACK	N	N	1	TOM

Description

HEEL OF SWITCH INSECURE. Loose bolts on the east heel block.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
44	0027.80	M	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Seven non-effective cross ties in a row.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
45	0027.78	M	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description

LOOSE JOINT BARS (JOINTED TRACK) On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
46	0028.25	M	M	213	0121	C1	10	1	MAIN TRACK	N	N	1	MTW

Description

CENTER CRACKED OR BROKEN JOINT BAR (JOINTED TRACK) On the gage side bar on the west rail just north of the private road crossing.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Presser, Timothy Richard		Inspector's Signature		Inspector's ID No. 70500		Report No. 024		Date yy mm dd 2018 02 27		
Railroad/Company Name & Address TRI-CITY RR CO. PO Box 1700 Richland WA 99352				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name Rhett Peterson Title VP Operations Email rhettwater@mac.com Signature _____				
From: City RICHLAND	Codes 1850	Destination City & County				Codes 1850	From Latitude			
State WA	53	City RICHLAND				1850	From Longitude			
County BENTON	C005	County BENTON				C005	To Latitude			
Mile Post: From 0028.50 To 0028.50		Inspection Point MAIN TRACK				To Longitude				
Activity Code:	MTW									
Units:	1									
Sub Units:	0									

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	0028.50	MAIN	M	213	0053	B3	10	1	MAIN TRACK	N	N	1	MTW

Description
GAGE DIMENSION ON CURVED TRACK EXCEEDS ALLOWABLE Measured 57 and 11/16-inches static gage. Used the PTLF and obtained a loaded gage of 58-1/8.

Violation Recommended	☒ Yes ☐ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☒ Required ☐ Optional	Railroad Action Code	Date(mm/dd/yyyy):
		Comments on back?	

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Presser, Timothy Richard				Inspector's Signature				Inspector's ID No. 70500		Report No. 025		Date yy mm dd 2018 02 28		
Railroad/Company Name & Address TRI-CITY RR CO. PO Box 1700 Richland WA 99352						R/C R		Division SYSTEM		RR/Co. Representative (Receipt Acknowledged) Name Rhett Peterson Title VP Operations Email rhettwater@mac.com Signature _____				
						RR/Co. Code TCRY		Subdivision SYSTEM						
From: City RICHLAND		Codes 1850		Destination City & County				Codes		From Latitude				
State WA		53		City KENNEWICK				1020		From Longitude				
County BENTON		C005		County BENTON				C005		To Latitude				
Mile Post: From 0021.50 To 0018.74				Inspection Point MAIN TRACK AND OTHER THAN MAIN TRACK						To Longitude				
Activity Code:		MTW	ENSS	YTW										
Units:		3	1	1										
Sub Units:		0	3	0										

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1										N	N	0	

Description - [** Comment to Railroad/Company **]
Comments:

I conducted a walking inspection of the Tri-City Rail Company from Richland, WA to Kennewick, WA, MP. 21.50 to MP 18.74. I was accompanied by TCRY Track Employee Mario Mendoza and Washington State Track Inspector John Martinsen. All defects in this report were marked with green survey ribbon. A copy of this report was sent to the railroad on the same day as the inspection.

Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):	
						Comments on back?	

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0021.14	MAIN	M	213	0127	A3	20	2	MAIN TRACK	N	N	1	MTW

Description
INSUFFICIENT FASTENERS AT RAIL JOINT. Gage measured 57-inches at rail joint.

Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):	
						Comments on back?	

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0021.00	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description
INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail on the bridge.

Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):	
						Comments on back?	

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT
(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 70500	Report No. 025	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0021.00	MAIN	M	213	0127	A3	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. Joint on the east rail on the bridge.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5	0021.00	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On both sides on the bridge.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
6	0020.75	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
7	0020.70	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
8	0020.60	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT
(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 70500	Report No. 025	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
9	0020.55	MAIN	M	213	0127	A3	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. Joint on the west rail, gage measured 56 and 3/4-inches.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
10	0020.48	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On both sides.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
11	0020.45	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the west rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
12	0020.40	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
13	0020.25	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 70500	Report No. 025	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
14	0019.80	MAIN		234	0311	B1	20		NOTPSTD	N	N	1	ENSS

Description
FAILURE TO PROPERLY LOCATE AND MAINTAIN THE SIGN(S) AT CROSSING Private road crossing missing emergency notification sign (blue sign).

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
15	0019.45	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description
INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
16	0019.25	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description
INSUFFICIENT FASTENERS IN A TRACK SEGMENT. On the east rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
17	0019.00	MAIN	M	213	0127	A3	20	2	MAIN TRACK	N	N	1	MTW

Description
INSUFFICIENT FASTENERS AT RAIL JOINT. Gage at rail joint is 56 and 5/8-inches.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
18	0018.95	MAIN	M	213	0127	A2	20	2	MAIN TRACK	N	N	1	MTW

Description
INSUFFICIENT FASTENERS IN A TRACK SEGMENT.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Presser, Timothy Richard		Inspector's Signature		Inspector's ID No. 70500	Report No. 026	Date yy mm dd 2018 03 01		
Railroad/Company Name & Address TRI-CITY RR CO. PO Box 1700 Richland WA 99352				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name Rhett Peterson Title VP Operations Email rhettwater@mac.com Signature _____		

From: City RICHLAND	Codes 1850	Destination City & County		Codes 1850	From Latitude	
State WA	53	City RICHLAND		1850	From Longitude	
County BENTON	C005	County BENTON		C005	To Latitude	
Mile Post: From 0023.60 To 0021.50		Inspection Point MAIN TRACK			To Longitude	
Activity Code:	MTW	TOM	ENSS	MSB		
Units:	3	1	1	2		
Sub Units:	0	0	2	0		

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1										N	N	0	

Description - [** Comment to Railroad/Company **]

Comments:

I conducted a walking inspection on the Tri-Cities Railroad in Richland, WA from MP 23.60 to MP 21.50 on the main track. I was accompanied by Tri-Cities Operations Manager Jose Romero. All defects in this report were marked with survey ribbon. A copy of this report was sent to the railroad on the same day as the inspection.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0023.58	MAIN	M	213	0127	A3	10	1	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. Rail joint was on the west rail.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0022.64	MAIN	M	213	0127	A3	10	1	MAIN TRACK	N	N	1	MTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. Rail joint on the east rail on Berry's Bridge (ballast deck bridge).

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT
(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No.	Report No.	Report Date
70500	026	03/01/2018

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0021.51	MAIN	T	213	0133	A13	10	1	CITY DOCK SW	N	N	1	TOM

Description
LOOSE GUARD RAIL BOLTS.

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:	
Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s)
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INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Presser, Timothy Richard		Inspector's Signature		Inspector's ID No. 70500		Report No. 027		Date yy mm dd 2018 03 01		
Railroad/Company Name & Address TRI-CITY RR CO. PO Box 1700 Richland WA 99352				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name Rhett Peterson Title VP Operations Email rhettwater@mac.com Signature _____				
From: City RICHLAND	Codes 1850	Destination City & County				Codes 1850	From Latitude			
State WA	53	City RICHLAND				1850	From Longitude			
County BENTON	C005	County BENTON				C005	To Latitude			
Mile Post: From 0028.59 To 0028.59		Inspection Point OTHER THAN MAIN TRACK				To Longitude				
Activity Code:	YTW	TOY								
Units:	1	3								
Sub Units:	0	0								

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1										N	N	0	

Description - [** Comment to Railroad/Company **]
Comments:
I conducted a walking inspection on the Tri-Cities Railroad in Richland, WA at MP 28.59 (West of the west wye switch down to the Run-around City SW). I was accompanied by Tri-Cities Operations Manager Jose Romero. All defects in this report were marked with survey ribbon. A copy of this report was sent to the railroad on the same day as the inspection.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0028.59	YARD	Y	213	0121	F1	10	1	YARD TRACK	N	N	1	YTW

Description
LOOSE JOINT BARS (JOINTED TRACK) On the south rail at a comp joint.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0028.59	YARD	T	213	0135	D	10	1	PROPANE SW	N	N	1	TOY

Description
HEEL OF SWITCH INSECURE. On the south heel block.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 70500	Report No. 027	Report Date 03/01/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0028.59	YARD	T	213	0133	A15	10	1	CWCP SW	N	N	1	TOY

Description

Jam nut on the connecting rod under the switch stand is loose.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5	0028.59	YARD	T	213	0133	A15	10	1	RUNRND SW	N	N	1	TOY

Description

Jam nut on the connecting rod under the switch stand is loose.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Martinsen, John		Inspector's Signature		Inspector's ID No. 00539	Report No. 012	Date yy mm dd 2018 02 28		
Railroad/Company Name & Address TRI-CITY RR CO. TRI-CITY RAILROAD COMPANY P.O. BOX 7618 OLYMPIA WA 98507				R/C R	Division SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name RHETT C. PETERSON Title VP of OPERATIONS/YARDMASTER Email rhettwater@mac.com Signature _____		
				RR/Co. Code TCRY	Subdivision SYSTEM			

From: City RICHLAND	Codes 1850	Destination City & County		Codes	From Latitude		
State WA	53	City KENNEWICK		1020	From Longitude		
County BENTON	C005	County BENTON		C005	To Latitude		
Mile Post: From 0022.00 To 0018.74		Inspection Point MAIN TRACK WALKING INSPECTION				To Longitude	
Activity Code:	TOM	YTW	MSB	2180	RMM	RWP	ENSS
Units:	2	1	3	1	1	1	1
Sub Units:	0	0	0	1	0	5	3

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	0019.30	M	T	213	0135	E1	10	1	GOV SIDING	N	N	1	TOM

Description
SWITCH STAND OR SWITCH MACHINE INSECURE OR OPERABLE WITH EXCESSIVE LOST MOTION.(Switch stand loose)

Violation Recommended ☐ Yes ☒ No		Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional		Railroad Action Code		Date(mm/dd/yyyy): Comments on back?	

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0019.30	M	T	213	0135	B1	10	1	GOV SIDING	N	N	1	TOM

Description
IMPROPER FIT BETWEEN SWITCH POINT AND STOCK RAIL.(Both sides)

Violation Recommended ☐ Yes ☒ No		Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional		Railroad Action Code		Date(mm/dd/yyyy): Comments on back?	

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0019.30	M	T	213	0135	H1	10	1	GOV SIDING	N	N	1	TOM

Description
UNUSUALLY CHIPPED OR WORN SWITCH POINT.(Left hand switch point broke)

Violation Recommended ☐ Yes ☒ No		Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional		Railroad Action Code		Date(mm/dd/yyyy): Comments on back?	

Source Code A	File Number	ID's of Accompanying Inspector(s) 70500
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 00539	Report No. 012	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0019.30	M	T	213	0133	A13	10	1	GOV SIDING	N	N	1	TOM

Description

LOOSE, WORN, OR MISSING GUARD RAIL BOLTS. (Loose bolts on both left and right guard rails)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5	0019.25	Y	Y	213	0121	F1	10	1	GOV SIDING	N	N	1	YTW

Description

LOOSE JOINT BARS (East rail)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
6	0019.25	Y	Y	213	0127	A3	10	1	GOV SIDING	N	N	1	YTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. (East rail, missing spikes and skewed tie plates, shoulders of ties plates not tight against joint)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
7	0019.20	Y	Y	213	0127	A3	10	1	GOV SIDING	N	N	1	YTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. (West rail, missing spikes and skewed tie plates, shoulders of ties plates not tight against joint)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
8	0019.10	Y	Y	213	0127	A3	10	1	GOV SIDING	N	N	1	YTW

Description

INSUFFICIENT FASTENERS AT RAIL JOINT. (East rail, missing spikes and skewed tie plates, shoulders of ties plates not tight against joint)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s) 70500
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 00539	Report No. 012	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
9	0018.90	Y	Y	213	0109	B3	10	1	GOV SIDING	N	N	1	YTW

Description

NO EFFECTIVE SUPPORT TIES WITHIN THE PRESCRIBED DISTANCE FROM A JOINT.(East rail, 29" to the south, and 33" to the north)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
10	0018.81	Y	Y	213	0121	F1	10	1	GOV SIDING	N	N	1	YTW

Description

LOOSE JOINT BARS (East rail)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
11	0018.80	Y	Y	213	0121	F1	10	1	GOV SIDING	N	N	1	YTW

Description

LOOSE JOINT BARS (East rail)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
12	0018.75	M	T	213	0133	A13	10	1	GOV SIDING	N	N	1	TOM

Description

LOOSE, WORN, OR MISSING GUARD RAIL BOLTS.(Right side)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
13										N	N	0	

Description - [** Comment to Railroad/Company **]

Main track walking inspection, and walking inspection of the government siding, from MP 22.00 to MP 18.74. Inspection accompanied with FRA track inspector Tim Presser, and Tri-City RR track inspector Mario Mendoza.

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s) 70500
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Martinsen, John		Inspector's Signature		Inspector's ID No. 00539		Report No. 013		Date yy mm dd 2018 03 01		
Railroad/Company Name & Address TRI-CITY RR CO. TRI-CITY RAILROAD COMPANY P.O. BOX 7618 OLYMPIA WA 98507				R/C R		Division SYSTEM		RR/Co. Representative (Receipt Acknowledged) Name RHETT C. PETERSON Title VP of OPERATIONS/YARDMASTER Email rhettwater@mac.com Signature _____		
				RR/Co. Code TCRY		Subdivision SYSTEM				
From: City RICHLAND		Codes 1850		Destination City & County		Codes		From Latitude		
State WA		53		City RICHLAND		1850		From Longitude		
County BENTON		C005		County BENTON		C005		To Latitude		
Mile Post: From 0028.50 To 0027.50				Inspection Point YARD TRACK INSPECTION				To Longitude		
Activity Code:	YTW	TOY	DER							
Units:	1	3	1							
Sub Units:	0	0	0							

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	0028.50	Y	T	213	0133	A7	10	1	TB26TO21	N	N	1	TOY
Description WORN OR MISSING COTTER PINS.(under switch stand on butterfly connection pin)													
Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:							
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0027.70	Y	T	213	0135	B1	10	1	N LAYDOWN SW	N	N	1	TOY
Description IMPROPER FIT BETWEEN SWITCH POINT AND STOCK RAIL.(right hand switch point)													
Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:							
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0027.70	Y	T	213	0133	A13	10	1	N LAYDOWN SW	N	N	1	TOY
Description LOOSE, WORN, OR MISSING GUARD RAIL BOLTS.(left side)													
Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:							
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 00539	Report No. 013	Report Date 03/01/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0027.65	Y	T	213	0133	A12	10	1	TB26TO05	N	N	1	TOY

Description
LOOSE, WORN, OR MISSING FROG BOLTS.

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5										N	N	0	

Description - [** Comment to Railroad/Company **]
Walking inspection of yard tracks and turnouts starting at the north end at MP 28.5 heading south to MP 27.5, walked tracks 3 and 4. Inspection was accompanied with Tri-City rail track inspector Mario Mendoza and FRA track inspector Ed Page. All defects noted are marked with yellow ribbon.

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)
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INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Martinsen, John		Inspector's Signature		Inspector's ID No. 00539		Report No. 014		Date yy mm dd 2018 03 05					
Railroad/Company Name & Address TRI-CITY RR CO. TRI-CITY RAILROAD COMPANY P.O. BOX 7618 OLYMPIA WA 98507				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name RHETT C. PETERSON Title VP of OPERATIONS/YARDMASTER Email rhettwater@mac.com Signature _____							
From: City RICHLAND		Codes 1850	Destination City & County			Codes	From Latitude						
State WA		53	City RICHLAND			1850	From Longitude						
County BENTON		C005	County BENTON			C005	To Latitude						
Mile Post: From To		Inspection Point TRACK INSPECTION RECORDS				To Longitude							
Activity Code:	TREC												
Units:	1												
Sub Units:	9												
Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1				213	0241	B4				N	N	1	TREC
Description FAILURE OF INSPECTOR TO PROVIDE REQUIRED INFORMATION. The Tri City Railroad (TCRY) Track Inspection Reports, dated 12/12/17, 12/21/17, 1/5/18, 1/11/18, 1/19/18, 2/1/18, 2/9/18, 2/16/18 and 2/22/18 recorded inspection data does not accurately reflect the track conditions as they exist in the field. The TCYR track inspection reports document a combined total of two FRA Track Safety Standard (TSS) part 213 defects over a period of nine weekly track inspections. FRA and Washington state UTC Track Inspectors conducted a walking track inspection over the same main, yard tracks and turnouts, on the week of February 26th to March 1st and found a combined total of 116 TSS Part 213 defects and recommending one civil penalties during the four day team inspection.													
Violation Recommended ☐ Yes ☒ No				Latitude:				Longitude:					
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Page, Edwin L.		Inspector's Signature		Inspector's ID No. 67085		Report No. 035		Date yy mm dd 2018 02 27		
Railroad/Company Name & Address TRI-CITY RR CO. PO BOX 7618 316 JEFFERSON STREET NE OLYMPIA WA 98507				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM		RR/Co. Representative (Receipt Acknowledged) Name RHETT C. PETERSON Title VP OPERATIONS/YARDMASTER Email rhettwater@mac.com Signature _____			
From: City RICHLAND		Codes 1850	Destination City & County			Codes	From Latitude			
State WA		53	City RICHLAND			1850	From Longitude			
County BENTON		C005	County BENTON			C005	To Latitude			
Mile Post: From 0026.46 To 0027.75			Inspection Point WALKING MAIN TRACK INSPECTION			To Longitude				
Activity Code:	MTW	YTW	TOM	RWP						
Units:	2	1	7	1						
Sub Units:	0	0	0	1						

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	0026.46	SMT	T	213	0133	A8	10	1	TB27T001 SW	N	N	1	TOM

Description
LOOSE OR MISSING RIGID RAIL BRACES. (rigid rail braces are not up against web of right hand stock rail, loose. Lamb Weston Switch.)

Violation Recommended ☐ Yes ☒ No Latitude: Longitude:

Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0026.46	SMT	T	213	0135	B1	10	1	TB27T001 SW	N	N	2	TOM

Description
IMPROPER FIT BETWEEN SWITCH POINT AND STOCK RAIL. (2 occurrences. Right & Left rail switch points, slightly gapped. Lamb Weston Switch.)

Violation Recommended ☐ Yes ☒ No Latitude: Longitude:

Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0026.96	SMT	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) (right rail joint, third joint east of 240 Road crossing.)

Violation Recommended ☐ Yes ☒ No Latitude: Longitude:

Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 035	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0027.05	SMT	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) (right rail joint, west of 240 Road crossing.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5	0027.06	SMT	M	213	0109	B2	10	1	MAIN TRACK	N	N	1	MTW

Description
CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. (6 defective ties in a row over a distance of 12 feet. Existing crossies split, hollow, differential plate cut, rail canting to outside, not effectively holding rail fasteners.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
6	0027.30	SMT	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) (right rail joint.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
7	0027.32	SMT	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) (right rail joint.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
8	0027.40	SMT	T	213	0133	A6	10	1	S LAYDOWN YD SW	N	N	1	TOM

Description
LOOSE, WORN, OR MISSING SWITCH ROD BOLTS. (#1 switch rod bolt loose, right hand side.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 035	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
9	0027.40	SMT	T	213	0135	D	10	1	S LAYDOWN YD SW	N	N	1	TOM

Description

HEEL OF SWITCH INSECURE. (left hand heel block joint, loose bolts.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
10	0027.41	SMT	M	213	0113	D1	10	1	MAIN TRACK	N	N	1	MTW

Description

BOLT HOLE CRACK (first left hand rail joint behind toe joint of frog. Physically separated in joint bar area, including base of rail, up to fillet/fishing area of rail. No physical separation across rail head. Possible head-web separation also.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
11	0027.53	SMT	T	213	0121	C1	10	1	S TB26T001 SW	N	N	1	TOM

Description

CENTER CRACKED OR BROKEN JOINT BAR (JOINTED TRACK) (bent toe joint of straight stock rail, gage side bar, 90 lb.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
12	0027.53	SMT	T	213	0135	D	10	1	S TB26T001 SW	N	N	2	TOM

Description

HEEL OF SWITCH INSECURE. (2 occurrences. Both left & right hand heel block joints, loose bolts.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
13	0027.53	SMT	T	213	0121	F1	10	1	S TB26T001 SW	N	N	1	TOM

Description

LOOSE JOINT BARS (JOINTED TRACK) (heel joint of frog, main track side.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 035	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
14	0027.54	SMT	M	213	0121	F1	10	1	MAIN TRACK	N	N	1	MTW

Description

LOOSE JOINT BARS (JOINTED TRACK) (left rail joint on main track between South Switches TB26T001 & TB26T002.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
15	0027.55	SMT	T	213	0133	A7	10	1	S TB26T002 SW	N	N	1	TOM

Description

WORN OR MISSING COTTER PINS. (4 missing cotter pins. #1 switch rod transit clip bolts missing cotter pins on both right & left sides. Transit clips have been shimmed outward causing transit clip bolts to be too short that are missing cotter pins. Pin holes in existing bolts are visible but cannot be utilized account of shims behind transit clips.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
16	0027.56	SMT	M	213	0121	C1	10	1	MAIN TRACK	N	N	1	MTW

Description

CENTER CRACKED OR BROKEN JOINT BAR (JOINTED TRACK) (first left rail joint behind heel joint of frog of South TB26T002 Switch.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
17	0027.68	YD	Y	213	0121	A1	10	1	NE SCALE TRACK	N	N	1	YTW

Description

RAIL JOINT NOT OF STRUCTURALLY SOUND DESIGN AND DIMENSION (JOINTED TRACK) (Improper dimension joint bars on left rail joint at North end of Scale Track. 1/4"+ gap between top of joint bar and fillet/fishing area under ball of 90 Lb rail.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
18	0027.69	SMT	T	213	0133	A15	10	1	NE SCALE TRK SW	N	N	1	TOM

Description

TURNOUT FASTENINGS NOT INTACT OR MAINTAINED. (7/16" dynamic lateral deflection of frog occurring. 3 frog ties need replaced, frog floating laterally underload, cut spike frog fasteners in-effective. Guard Check gage measures 54-1/4" on main track side. TB26T009 Switch.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 035	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
19	0027.69	SMT	T	213	0121	F1	10	1	NE SCALE TRK SW	N	N	1	TOM

Description
LOOSE JOINT BARS (JOINTED TRACK) (toe joint of straight stock rail. TB26T009 Switch. North Scale Switch.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
20	0027.69	SMT	T	213	0133	A8	10	1	NE SCALE TRK SW	N	N	1	TOM

Description
LOOSE OR MISSING RIGID RAIL BRACES. (loose rail braces on gage plate ahead of switch points, both left & right rail sides. Gage plate tie needs replaced North TB26T009 Switch. North Scale Switch.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
21	0027.71	SMT	M	213	0121	F1	10	1	MAIN TRACK	N	N	2	MTW

Description
LOOSE JOINT BARS (JOINTED TRACK) (2 occurrences. Left & right rail joints north of North TB26T009 Switch.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
22	0027.75	SMT	T	213	0121	F1	10	1	S TB326T010 SW	N	N	2	TOM

Description
LOOSE JOINT BARS (JOINTED TRACK) (2 occurrences. Left & right rail toe joints both stock rails, bolts loose.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
23	0027.75	SMT	T	213	0133	A13	10	1	S TB326T010 SW	N	N	1	TOM

Description
LOOSE, WORN, OR MISSING GUARD RAIL BOLTS. (main track side guard rail bolt loose.)

Violation Recommended	☐ Yes ☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required ☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):
Comments on back?			

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 035	Report Date 02/27/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ ***	Activity Code
24										N	N	0	

Description - [** Comment to Railroad/Company **]

INSPECTOR COMMENTS: Walked main track from 26.46 Lamb Weston Switch to estimated Main Track MP 27.75, just north of S TB326T010 SW. All defect locations listed on this report were marked with Pink Surveyor tape. Accompanied by TCRY employee Jose Romero.

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Page, Edwin L.		Inspector's Signature		Inspector's ID No. 67085		Report No. 036		Date yy mm dd 2018 02 28		
Railroad/Company Name & Address TRI-CITY RR CO. PO BOX 7618 316 JEFFERSON STREET NE OLYMPIA WA 98507				R/C R	Division SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name RHETT C. PETERSON Title VP OPERATIONS/YARDMASTER Email rhettwater@mac.com Signature _____				
From: City RICHLAND		Codes 1850	Destination City & County			Codes	From Latitude			
State WA		53	City RICHLAND			1850	From Longitude			
County BENTON		C005	County BENTON			C005	To Latitude			
Mile Post: From 0026.46		To 0023.60	Inspection Point WALKING MAIN TRACK INSPECTION			To Longitude				
Activity Code:	MTW	ENSS								
Units:	3	1								
Sub Units:	0	3								

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	0026.43	SMT	M	213	0109	B2	10	1	MAIN	N	N	1	MTW
Description CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. (5 -6 deteriorated crossties in a row split, cut, not effectively holding track spikes. Track spikes elevated, missing, can be removed by hand. 57" Track gage, 3/4" dynamic vertical deflection occurring under left rail.)													
Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:							
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0026.07	SMT	M	213	0109	B2	10	1	MAIN	N	N	1	MTW
Description CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. (4 deteriorated crossties in a row over a distance of nine feet, deteriorated, split, cut, not effectively holding track spikes. Track spikes elevated, missing, some can be removed by hand. 57" dynamic Track gage, 1/2" - 3/4" dynamic vertical deflection occurring under base of rail, in full body of curve.)													
Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:							
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3	0025.60	SMT	M	213	0109	B2	10	1	MAIN	N	N	1	MTW
Description CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. (6 deteriorated crossties in a row over a distance of 11 under right rail. Existing ties deteriorated, split, cut, not effectively holding track spikes. Track spikes elevated, missing, some can be removed by hand. 57" Track gage, 3/4" dynamic vertical deflection occurring under base of rail, in full body of curve.)													
Violation Recommended ☐ Yes ☒ No				Latitude:		Longitude:							
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					

Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 036	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4	0025.40	SMT	M	213	0127	A2	10	1	MAIN	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. (39 foot segment of crossties covered with ballast on right/left rail. Appears that existing ties are not effectively holding track spikes. Visual observation of elevated spikes sticking up in ballast indicates possible defective crossties at this location. 57" static track gage.)

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5	0025.30	SMT	M	213	0109	B2	10	1	MAIN	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. (5 deteriorated crossties in a row under right rail, low side of curve. Existing ties deteriorated, split, plate cut, not effectively holding track spikes. Track spikes elevated, missing, some can be removed by hand. 56-1/4" Static Track gage.)

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
6	0024.95	SMT	M	213	0109	B2	10	1	MAIN	N	N	1	MTW

Description

CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. (5 deteriorated crossties in a row under right rail, tangent track, just off north end of private road crossing. Existing ties deteriorated, split, plate cut, crushed, not effectively holding track spikes. Track spikes elevated, missing, some can be removed by hand.)

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
7	0024.95	SMT	M	213	0127	A2	10	1	MAIN	N	N	1	MTW

Description

INSUFFICIENT FASTENERS IN A TRACK SEGMENT. (Inside private road crossing. Crossties covered with ballast/dirt/rock. Existing crosstie condition cannot be evaluated. Appears that existing ties inside road crossing are not effectively holding track spikes. Visual observation of broken tie plates and elevated spikes sticking up in ballast indicates possible defective crossties throughout this crossing location. 57" static track gage. Crosslevel condition at rail joint in road crossing.)

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
8	0023.85	SMT	M	213	0113	D16	10	1	MAIN	N	N	1	MTW

Description

VERTICAL SPLIT HEAD (17 foot Vertical Split Head on right/low rail in curve. Field side of 39-foot, 90 lb. rail, dated 1948. Not a breakout or separation at this time.)

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT
(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 67085	Report No. 036	Report Date 02/28/2018
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
9										N	N	0	

Description - (** Comment to Railroad/Company **)

INSPECTOR COMMENTS: Conducted walking inspection of Main Track from Lamb Weston Switch MP 26.46 South to Duportail Road Crossing MP 23.60.
Accompanied by TCRY Manager of Operations Jose Romero.

Violation Recommended	☐ Yes	☒ No	Latitude:	Longitude:	
Written Notification to FRA of Remedial Action is:	☐ Required	☒ Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s)
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INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name Page, Edwin L.				Inspector's Signature				Inspector's ID No. 67085		Report No. 037		Date yy mm dd 2018 03 01		
Railroad/Company Name & Address TRI-CITY RR CO. PO BOX 7618 316 JEFFERSON STREET NE OLYMPIA WA 98507						R/C R		Division SYSTEM		RR/Co. Representative (Receipt Acknowledged) Name RHETT C. PETERSON Title VP OPERATIONS/YARDMASTER Email rhettwater@mac.com Signature _____				
						RR/Co. Code TCRY		Subdivision SYSTEM						
From: City RICHLAND			Codes 1850		Destination City & County				Codes		From Latitude			
State WA			53		City RICHLAND				1850		From Longitude			
County BENTON			C005		County BENTON				C005		To Latitude			
Mile Post: From To			Inspection Point WALK TCRY YARD TRACKS								To Longitude			
Activity Code:		YTW	TOY	RWP	2170									
Units:		1	3	1	1									
Sub Units:		0	0	2	1									

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	0027.90	YD	T	213	0133	A7	10	1	TB26T013 SE X/O	N	N	1	TOY
Description WORN OR MISSING COTTER PINS. (2 total pins missing. 1 missing pin on #1 switch rod transit clip bolt & 1 missing pin on #2 switch rod transit clip bolt on left hand point side. Existing transit clip bolts are to short and are missing cotter pins. South end of Main track to Yard Track No. 1 Crossover Switch.)													
Violation Recommended ☐ Yes ☒ No Latitude: Longitude:													
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?													

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2	0027.60	YD	T	213	0135	D	10	1	TB26T003 SE SW	N	N	1	TOY
Description HEEL OF SWITCH INSECURE. (left hand heel block joint, loose bolts.)													
Violation Recommended ☐ Yes ☒ No Latitude: Longitude:													
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?													

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3										N	N	0	
Description - [** Comment to Railroad/Company **] INSPECTOR COMMENTS: Conducted walking track inspection of Yard Track No. 1 with a visual inspection of 60% Yard Track No. 2 account rolling stock occupying north end of Yard Track No. 2. Accompanied by TCRY Track Inspector Mario Mendoza and Washington UTC Track Inspector John Martinsen. Walked North to South.													
Violation Recommended ☐ Yes ☒ No Latitude: Longitude:													
Written Notification to FRA of Remedial Action is: ☐ Required ☒ Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?													

Source Code A	File Number	ID's of Accompanying Inspector(s) 00539
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April 9, 2018

Tri-City Railroad Company, LLC
C/O Lisa Anderson
P.O. Box 6000
Kennewick, WA 99336

RE: Notice of Default

Lisa,

You state in your April 4, 2018 letter "As you know, these defects have, since the time of the inspection, all been promptly attended to." You have proclaimed that the defects have been cured, but the Port does not know for a fact that the problems have been adequately remedied. Until our inspectors can determine that all defects have been cured, the TCRY will remain in default under the notice to cure period. I do not see how you expect us to trust your inspector, a person who failed to find 116 defects that the FRA found within months of a prior inspection. Frankly, it would be irresponsible for the Port to simply take your word for it. That is why a track inspection is scheduled for April 18-19, 2018.

At our March 30, 2018 meeting, UP asked for clarification concerning the level to which the Port's rail line should be maintained. The Port, BNSF and UP all agreed that the Port's main line should be maintained to comply with FRA Class 3 safety standards. TCRY's maintenance representative at that meeting, Jose, agreed that the Port's main line should meet FRA Class 3 standards. Accordingly, the Port came away from the meeting believing, as do BNSF and UP, that we had achieved a common understanding of TCRY's ongoing track maintenance responsibility. Your April 4th letter conflicts with Jose's position, and undoes the critical progress we thought we had made on this issue.

Section 8.1 of our Lease provides that "inspections will comply with the requirements of CFR 49 and any other applicable laws and regulations to maintain the railroad as a Class 3 railroad." You have interpreted that provision as leaving the level of maintenance – or no maintenance – entirely to TCRY's discretion, rendering TCRY's track maintenance commitment to the Port utterly meaningless.

In railroad operating and lease agreements, and in other such contracts under which one of the parties is ascribed track maintenance responsibilities, it is the usual industry practice to designate minimum track maintenance standards by applying the track safety class specifications of the FRA. That is precisely what Section 8.1 contemplates – that

TCRY will maintain the Port's main line to comply with FRA Class 3 track safety standards, and any reasonably experienced railroad executive, attorney, or operating expert would conclude the same. That has always been the Port's expectation.

You have tried to twist Section 8.1 into a standard to fit an alternative meaning of "Class Three" that is absurd. Specifically, you claim that Section 8.1's use of the specific term "Class 3" is a reference to TCRY's short line status, i.e., as a rail carrier with annual revenues of roughly \$36 million or less. We do not dispute that TCRY is, for Surface Transportation Board ("STB") regulatory purposes, a Class III rail carrier, but to claim that TCRY's regulatory status was intended to allow TCRY the "flexibility" (a term or variation thereof that is not found in Section 8.1) to maintain the Port's track however it saw fit, including, under the logical extension of your theory, not to maintain it at all, is ridiculous, and would render that section meaningless, particularly in view of the balance of that section.

More importantly, your bogus contention is disproven by an important, stylistic distinction between the STB's use of "Class III" (to denote a short line railroad) and the FRA's use of "Class 3" (to denote track safety condition). Section 8.1 of the lease uses the Arabic "3," consistent with FRA track safety rules – see 49 C.F.R. § 213.9(c) – rather than the Roman "III," as used in STB practice – see 49 C.F.R. § 1201.1-1. This is a purposeful stylistic distinction in the Lease and supports the Port's understanding of TCRY's "Class 3" track safety standard track maintenance obligation as would be further informed by FRA regulations.

In short, if TCRY has failed to maintain the Port's line to comply with FRA-prescribed Class 3 track safety standards, then TCRY is in default of its contractual obligations and is in breach of the Lease. You may argue for your forced and meaningless interpretation of Section 8.1, but we are very confident that evidence of standard industry practice in contracts of this sort and the stylistic distinction between FRA and STB nomenclature prove you entirely incorrect.

I would also draw your attention to Section 8.2 of the Lease: "Any repairs or maintenance which is necessary for safety or the protection of life and property shall be done as soon as possible. Tenant shall promptly report any such conditions to the Port." TCRY failed to promptly notify the Port of the defects and civil violations levied against it by the FRA.

Your letter makes the point that the Lease does not use the term "deferred maintenance." Generally, this term is applied to mean postponing maintenance activities such as repairs or replacements in order to save costs, meet budget funding levels, or realign available budget monies. While true that this term is not used in the Lease, it is a rather general term which was meant as a civil way of saying that we believe you have not completed the required maintenance, nor replaced the proper number of ties over the years to keep the railroad to the required level provided for in the Lease.

Finally, the Port requested a well-defined track maintenance plan for the ~8,000 ties that are, or soon will be, defective. We have yet to receive that plan. At the March 30, 2018 meeting, you stated that you were advised by counsel not to discuss the plan for the 8,000 ties. Please provide

contact information for your counsel, or have your counsel contact us, so that we may address this important public safety issue.

Best regards,

A handwritten signature in black ink, appearing to read 'David J. Billetdeaux', with a stylized, flowing script.

DAVID J. BILLETDEAUX
Port Counsel

CC: Port Commissioners

David Billetdeaux

From: Michelle Martinson <MMartinson@up.com>
Sent: Thursday, April 26, 2018 1:05 PM
To: David Billetdeaux
Subject: UP locked out of tracks at Richland by TCRY
Attachments: Image-1.png

As follow up to our conversation, TCRY has moved UP railcars and locked us out of all the Port of Benton support tracks and the passing track near Center Pkwy. UP employees observed no activity in regards to maintenance that would require the Center Pkwy siding to be taken out of service. Additionally, UP employees observed one piece of maintenance equipment per track on the support tracks in Richland.

These actions are unreasonably impeding UP's service to customers in violation of the Operating Plan. These actions are also threatening to impede safe rail operations in the area by eliminating the meet/pass locations.

We respectfully request TCRY discontinue this practice at once.

Michelle Martinson
Union Pacific Railroad | Joint Facilities
Ph. 402.544.5217

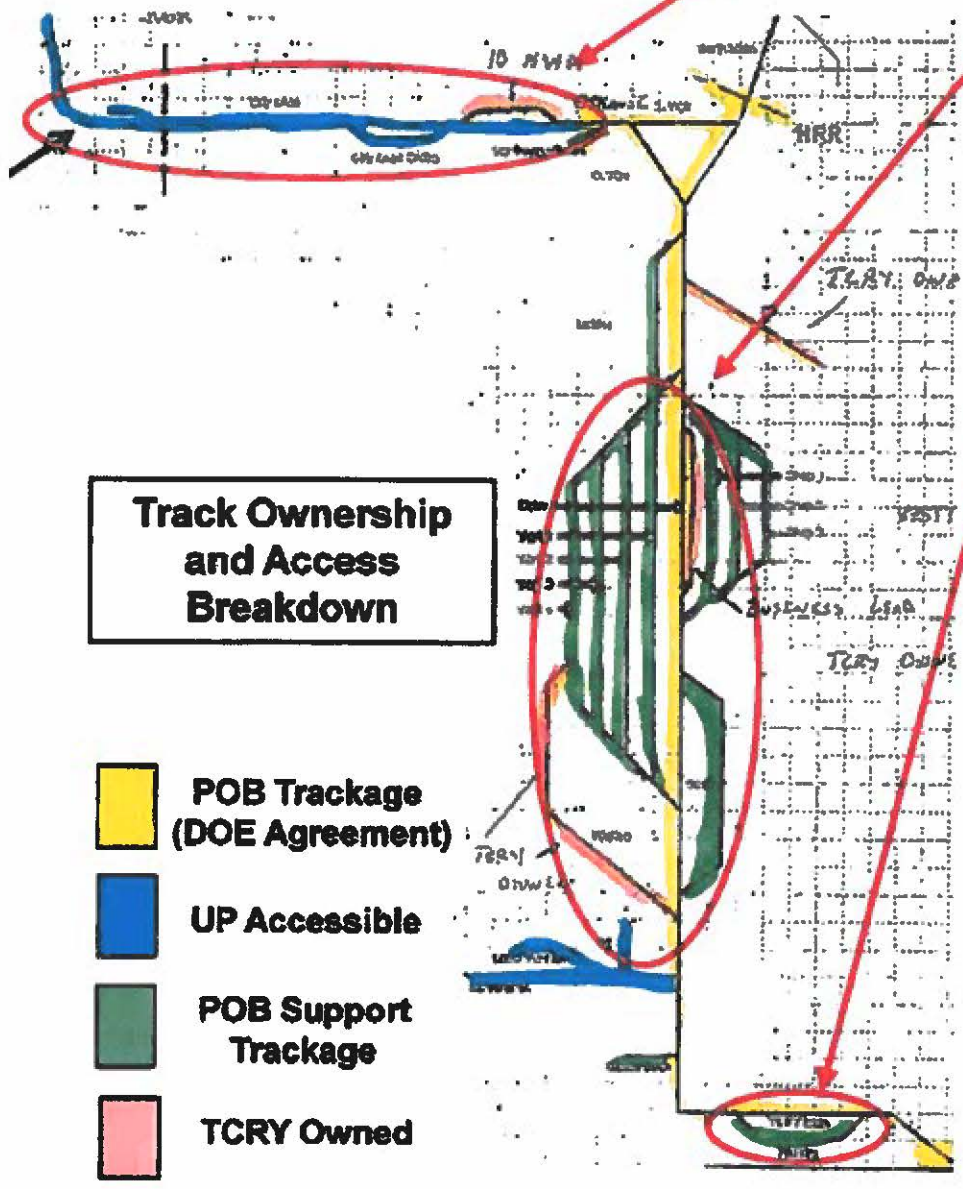
----- Forwarded by Michelle Martinson/UPC on 04/26/2018 03:03 PM -----

From: Dustin M. Disney/UPC
To: Justin Barager/UPC@UP, Michelle Martinson/UPC@UP
Cc: Travie W. Towles/UPC@UP, Bryan D. Clark/UPC@UP, Ronald E. Tindall Jr/UPC@UP
Date: 04/25/2018 08:09 AM
Subject: Locked out tracks in Richland

We need some help with getting a place to store cars out in Richland. Below you will also see a picture of the TCRY shoving our cars on the City of Richland track which i know they do not have authority to operate on.

TCRY has locked us out of all location

This is the only place we have to put cars.



(See attached file: Image-1.png)



BUILDING AMERICA®

Dustin M. Disney
Manager of Train Operations
Portland Service Unit
Walla, WA
The Dalles, OR
Office: 402-233-1559
Cell: 541-561-9288
Fax: 402-997-4641
NLata: N103022

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April 27, 2018

Tri-City Railroad Company, LLC
C/O Lisa Anderson
P.O. Box 6000
Kennewick, WA 99336

RE: FRA/HDR Inspections and Ongoing Notice of Default

Dear Lisa:

There are a number of ongoing, and new, issues that need to be addressed between the Port and TCRY.

Maintenance and Inspections

As you know, on April 18th and 19th, our inspectors (HDR) completed a walking inspection of the track to verify that all defects found in the previous December 2017 and Feb/March 2018 FRA inspections were addressed and properly cured. The Port is impressed with the maintenance efforts that have recently taken place, but our position remains the same: current maintenance efforts simply are not enough to be compliant with the FRA Class 3 track maintenance standard by which TCRY is held to under the terms of the Lease.

It is also worth noting that the FRA reports have noted more than two dozen new defects, and our initial reports from HDR and Roger Wright (attached) point out that not all of the original defects were properly cured. It is for these reasons that the Port continues to find TCRY in default of Section 8 of the Lease.

Your Lease does provide for a thirty-day cure period. Per the terms of the Lease, Section 14.3 provides for the Tenant's Right to Cure:

"...For the cure of any other default, Tenant shall have thirty days after receipt of written notice to cure the default, provided, however, that if it takes more than thirty (30) days to cure a default, the Tenant shall not be in default if it promptly undertakes a cure and diligently pursues it."

In other words, so long as the TCRY promptly undertakes and diligently pursues remedies for the old FRA defects, the newly found FRA defects, *and* the thousands of

ties that need replaced, it will not be necessary for the Port of Benton to take any additional actions in regard to a termination of the Lease.

The most serious safety concerns at this time are the Yakima River Bridge, and Berry's Bridge due to a significant number of ties needing to be replaced immediately. Please provide us with your tie replacement plan, and specifically point out when these bridges will be addressed.

In the past, the Port has repeatedly asked for TCRY's plans to address deferred maintenance, and we will continue to do so, despite TCRY's protestations that no plans, inspection reports, or maintenance reports need to be provided.

Graffiti

A rather large amount of graffiti has been allowed to occur and remain visible on the Yakima River Bridge. TCRY must fix this issue. First off, it is a safety issue for the public to be walking on the bridge. Second, it appears to be gang-related, and allowing it to remain on a structure that is branded with both Port of Benton and TCRY logos tarnishes the reputations of both entities.

New Complaint

On 4/25/18, the Union Pacific telephoned the Port and advised of two issues that had cropped up: 1) TCRY has locked UP out of the Yard; and 2) TCRY moved UP cars, without permission, onto City track, to which TCRY has no trackage use agreement. Further, UP relayed to the Port that their calls to dispatch were ignored. This type of situation cannot continue to occur. TCRY is responsible for dispatching, for following the Operating Agreement, and for abiding by, or at the very least not violating, existing track usage agreements. Please see the attached E-Mail sent on 4/26/18 from Michelle Martinson at UP. The Port must request that these practices be discontinued immediately.

Proposed Changes to Operating Plan

We are still awaiting responses from all three parties (BNSF, UP, and TCRY) in relation to the potential Operating Plan proposals. Please provide any and all comments, provision changes, language suggestions, etc. that TCRY would like the Port to consider as we take the matter under advisement.

Regards,



DAVID J. BILLETDEAUX
Port Counsel

CC: Port Commissioners

Enclosures: HDR Email/Roger Wright Memo
Email from Martinson at Union Pacific



Memo

Date: Thursday, April 26, 2018

Project: Port of Benton – Rail Rehab Project 2017

To: Scott D. Keller (Port of Benton)

From: Paul J. Weber (HDR)

Subject: Late February / Early March FRA Inspection – Remedial Action / Repairs Evaluation

1.0 Introduction

Based on the request of Port of Benton, HDR conducted a track inspection of the Port of Benton track from Richland Jct. (Approx. MP 18.8) To Battelle Blvd grade crossing (Approx. MP 29.2) on April 18th and 19th, 2018. This inspection was performed to determine if remedial action was taken related to recently performed FRA track inspection. This inspection is based on FRA inspection reports numbered 36, 25, 12, 13, 23, 26, 35, 37, 24, 27 from late February and early March 2018. The inspection also included an approximate determination of quantity of recent tie replacement work performed by TCRY (vs. ties replaced as part of other recent projects that have included tie replacement).

2.0 Track Inspection

The below is a summary of the finding of the inspection performed on the 18th and 19th. We have addressed this by Report number, items number, and location. All items we're completed unless noted below.

Those not performed or fully performed included:

Report 12 – Item 5 – 19.25 – Loose Joints - One instance not performed.

Report 12 – Item 6 – 19.25 – Insufficient Fasteners - Several instances on fully performed. (This is not primarily a maintenance issue - but an original construction shortcoming.)

Report 35 – Item 14 – 27.54 – Loose Joints - Not performed.

Report 35 – Item 16 – 27.56 – Center Broke Bar - Not performed.

Report 35 – Item 17 – 27.68 – Incorrect Joint Bar - This defect was addressed but not in the correct fashion. (Root cause was there was a different section of rail installed sometime in the past and the joint bars at either end were incorrect. TCRY addressed one end of the different section rail by installing a compromise bar – at that end only. The best repair would have been to change out the incorrect rail. Currently, the joint bar at the south end of the rail is incorrect and would be a defect.)

Report 23 – Item 21 – 28.05 – Loose Joints - Not performed or fully performed or well performed.

Report 23 – Item 18 – 28.14 – Loose Joints - Not performed or fully performed or well performed.

Defect descriptions above are "shorthand" descriptions.

Report 27- Item 4 and 5 were not looked at as they are on City of Richland owned track.

In our opinion, we believe that in the last 2 years or so the TCRY may have replaced approximately 1,270 each in the main track and southwest leg of the wye.

3.0 Observations

It should be noted that the inspection were performed to Class 2 in some areas and Class 1 in other areas, whereas the early December FRA inspection was entirely to Class 1.

Locations were often inconsistent and incorrect. Items were no longer marked with a ribbon and in some instances were difficult to confirm. For example, we believe that many or most of the loose joint defects were corrected, however because we were uncertain of locations and or limits of those defects we looked at all joints in those areas and either found other loose joints/bolts or recurring loose joints/bolts. The repair method for the loose joints was often not performed well. There was evidence that bolts were attempted to be tightened but there were many instances where bolts were not tight, or did not have fully compressed washers, or did not have washers installed.

Defective tie defects in these reports were usually address with 1 or 2 tie replacements. Most often (if not all of the time) defective ties remain at these locations. However, this is not necessarily a unusual practice related to addressing tie defects in an urgent fashion. One concern with the tie replacement is the lack of evidence of any tamping of ties. The TCRY represented to me that they mechanically tamp all of the ties. We did not see the typical "signature" from this activity on any of the recent tie replacements. It was interesting they did not indicate "hand tamping" or any other means but instead indicated what would be the best method (but the method that leaves the largest evidence). And this was regardless of where they were in the normal steps of tie replacement work.

It is very important to note that some items (such as center broke bars) are not Class of Track specific and must ordinarily be addressed within 30 days. The only recourse is to reclassify the track to excepted status. (Is there any evidence that the railroad did that?)

We noted the remarks in the latest inspection performed by Paul Gangstad on the 18th. This indicates all repairs related to 36 25, and 12 are complete. We do not necessarily agree with that assessment as you can see above. We also note the report 26 is not mentioned and items on that report falls within the limits of the FRA inspection of the 18th. Differing from the December inspection by Paul Gangstad, this report inspects a portion of the track to Class 2 (20 mph). We noted the same topic of ties being spiked to remedy the fastening defect are really defective tie issues. I have briefly reviewed the FRA inspection of the 19th. We obviously do not completely agree with the last statement regarding all defects addressed. Did we ever receive a report number 3? It should be noted that these new FRA inspections "found" some items which are arguably not "new" and would have existed (to at least some degree) at the time of all of the recent FRA track inspections. As indicated many of the defects continue to be related to substandard tie conditions. These reports – in conjunction with the Aurora testing results –



seem to indicate that tie conditions on the Port of Benton railroad are not in a sustainable / maintainable condition – let alone at or above a Class 3 minimum threshold.

MEMORANDUM

TO: David Billetdeaux, Port Counsel

FROM: Roger Wright, P.E., Port Contract Engineer *RWR*

DATE: April 20, 2018

SUBJECT: Port of Benton Railroad Track
HDR Inspection of FRA Defects

David:

At the request of the Port of Benton, I coordinated an inspection by HDR Engineering of the POB's railroad track, specifically reviewing the Federal Railroad Administration (FRA) inspection findings dated 2/27/18-3/1/18. Following is a summary of the inspection and our findings.

HDR used the reports that FRA supplied from their Feb/Mar 2018 inspections and HDR inspected the entire main track from Richland Junction to north of Battelle Blvd. We were accompanied by Jose Romero from TCRY and one of his rail operations staff. HDR staff included Paul Weber, Roger Hepkema, and Alex Anderson.

It is important to note that the FRA inspections from Feb/Mar 2018 were made based upon mostly Class 1 track and some Class 2 track. However, the Port requires the track to be maintained to a Class 3 track standard. Several more FRA findings would have been reported at a Class 3 inspection since there are very large amount of defective and ineffective crossties in the system.

We met TCRY's staff at Richland Junction (Center Parkway future intersection with the POB's track) at 0900 hours Wednesday April 18th. After a safety discussion led by TCRY staff, we informed TCRY that our purpose was to inspect all 116 items found by FRA in their recent inspections. Additionally, HDR counted the approximate number of ties that appear to be replaced in the last 1-2 years to estimate the number of ties recently replaced in the system.

During the first couple hours of the inspection, as I was shuttling between inspection points, I discovered another inspection being performed on the track slightly ahead of our team. An FRA inspector was also on the track so I stopped near them when they were crossing Jadwin intersection. I identified myself to the inspector and asked for a business card which I received. (Paul Gangstad). I indicated to him that I represented the track owner and that they had not received any notice about a track inspection. He made it very clear that they "do not have to notify anyone of their inspections". However, Jose Romero from TCRY

indicated that TCRY knew about the inspection at least several days in advance. I believe it to be extremely coincidental, if not planned, that the FRA inspector would be on site on the exact days that the Port had their inspector on the track. Additionally, I observed Mr. Gangstad several times during his inspection. He did not carry anything with him during his inspection, stopping occasionally to take out a tape measure and small notebook from his pocket. In his inspection report he claims that he visited all locations of the FRA inspections from 2-28-18 and reported that "all defects note(d) in these reports were corrected". We had 3 HDR inspectors reviewing these same sites, with aerial maps showing the defect locations noted in the FRA reports, and we had a difficult time finding all of these defect locations. I do not think it is possible that a single inspector, with no maps or paperwork, could have possibly found all of these inspection sites.

We completed our first day of inspections at the Airport Road crossing. We reconvened at 0715 hours Thursday April 19th and completed the inspection to north of Battelle Blvd. The FRA inspector also inspected the general area and their report states that while they found 19 new defects in the track, that all previous inspection items had been addressed. Again, we observed the inspector on the 19th and he was not carrying any maps or inspection reports with him. HDR completed their inspection at approximately 1130 hours on the 19th.

During the inspection, HDR found that generally nearly all of the FRA items had been addressed. While HDR has not yet provided their report, HDR found that most of the FRA findings had been "addressed". However, these corrections were in general only minimal efforts. For example, where the FRA report cited "broken joint bar bolts... or missing washers and loose bolts", TCRY would tighten the bolt but not replace a washer. Additionally, they would replace a single tie in a location in order to clear the defect, and not tamp in the ballast around the tie, and not address the numerous bad ties in the same area. In one specific area, immediately north of the Airport Way signal, there was a string of 14 bad ties which are plate cut 1"-2" deep into the ties. Since the FRA inspection was performed at Class 1 track requirements, and because TCRY chose to install just a single tie and not tamp the tie, this does not appear to address the defect. Additionally, by only installing a single new tie in a cluster of all failed ties, it will significantly reduces the life span of the new tie since it is carrying the majority of the load.

In summary, while the HDR inspection identified that TCRY had "addressed" the majority of the FRA defects, they clearly performed the absolute minimum effort to just clear the defect. On joint bar bolts and switch bolts, there are several missing or broken washers, many of the recently replaced ties were not tamped, there is no evidence of tamping the overall ballast of the track in recent years, and clearly TCRY is significantly behind in tie replacement.

David Billetdeaux

From: Pirato, Michael (FRA) <michael.pirato@dot.gov>
Sent: Friday, May 18, 2018 7:19 PM
To: David Billetdeaux
Cc: Rhett Peterson; Roper, Bruce (FRA); Gangstad, Paul (FRA); Altiero, Brian (FRA)
Subject: FW: Tri-Cities RR (TCRY) Bridge B44.4 Structural Tie Defect Report
Attachments: 96 report B44.4 Vio. 5-15-18.pdf; 96 report B44.4 Vio. 5-15-18. back.pdf

Thanks Bruce.

FYI,

Copy of FRA Report for the Port of Benton and Tri-City Railroad.

FRA Bridge Inspection Report attached with crosstie violation on the bridge with required remedial action.

Best Regards,

Michael W Pirato
U.S. Department of Transportation
Federal Railroad Administration - Region 8
Supervisory Railroad Safety Specialist (Track)
Cell: 208-251-7887
michael.pirato@dot.gov

From: Roper, Bruce (FRA)
Sent: Friday, May 18, 2018 5:12 PM
To: Boraas, Roger (FRA) <Roger.Boraas@dot.gov>; Pirato, Michael (FRA) <michael.pirato@dot.gov>
Subject: FW: Tri-Cities RR (TCRY) Bridge B44.4 Structural Tie Defect Report

FYI

From: Roper, Bruce (FRA)
Sent: Friday, May 18, 2018 4:52 PM
To: Jose Romero <Jose@tcry.com>
Subject: Tri-Cities RR (TCRY) Bridge B44.4 Structural Tie Defect Report

Jose,

Attached is the report for the defective structural ties on Bridge B44.4
Please sign report and return to me to acknowledge your receipt of report.

When you have complete the repairs, you will need to send the entire document back to me with the included Back Page, signed, with your Remedial Actions taken and any comments you may have.

If you need any assistance in completing this paperwork, feel free to contact Mike Pirato, Track Specialist, michael.pirato@dot.gov (Cell: 208-251-7887) or myself.

If you have any questions please contact me.

Bruce Roper
Bridge Safety Specialist
Federal Railroad Administration
509-288-2884
bruce.ropert@dot.gov

**Attention: One or more violations have been cited on this report.
In addition, one or more Remedial Action reports are required.**

**DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)**

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name ROPER, BRUCE		Inspector's Signature RICHARD BRUCE ROPER		Inspector's ID No. 75100	Report No. 30	Date yy mm dd 2018 05 15							
Railroad/Company Name & Address TRI-CITY RR CO. 2579 Stevens Drive Richland WA 99352				R/C R RR/Co. Code TCRY	Division SYSTEM Subdivision SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name Jose Romero Title Operations Manager Email jose@tcry.com Signature _____							
From City KENNEWICK	Codes 1020	Destination City & County			Codes	From Latitude							
State WA	53	City RICHLAND			1850	From Longitude							
County BENTON	C005	County BENTON			C005	To Latitude							
Mile Post: From 0021.00 To 0021.10		Inspection Point BRIDGE B44.4				To Longitude							
Activity Code:	MTW	MSB	BOBS	BIR									
Units:	1	1	1	1									
Sub Units:	0	0	0	0									
Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1	B0044.40			213	0109	B2			BRIDGE	N	N	1	MTW
Description CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A 39-FOOT SEGMENT OF TRACK. Bridge B44.4: Section 3, Span 2, Panels 3-7. Defective load bearing structural bridge ties.													
Seal Applied		Seal Removed		Hazard Class			UN/NA ID						
Violation Recommended ☒ Yes ☐ No				Latitude:				Longitude:					
Written Notification to FRA of Remedial Action is: ☒ Required ☐ Optional				Railroad Action Code		Date(mm/dd/yyyy):		Comments on back?					
Railroad Comments													

David Billetdeaux

From: Lisa Anderson <lisaanderson@tcry.com>
Sent: Tuesday, May 22, 2018 6:35 PM
To: David Billetdeaux
Cc: Romero Jose
Subject: Bridge Inspection
Attachments: 96 report B44.4 Vio. 5-15-18.pdf; 96 report B44.4 Vio. 5-15-18. back.pdf

David,

Please find attached the most recent FRA bridge inspection report.

As you can see, there are a number of ties located on the Yakima bridge that need to be replaced.

It is TCRY's position that this tie replacement project falls under the Port's responsibility for capital improvements.

TCRY is ready, willing, and able to perform the work, with reimbursement from the Port.

The works needs to be completed within 30 days from the date of the inspection.

In order to complete the work, the track will need to be shut down.

TCRY is preparing a price quote for the work to be presented to the Port shortly.

Thank you.

Lisa Anderson
Executive Vice President
Corporate Secretary
Tri-City Railroad Company, LLC
(360) 239-9067

Yakima River Bridge Report 2013

Recommended Bridge Work, Grouped by Priority (Including Completed)

Owner: Tri-City Railroad Company, LLC

Railroad: Tri-City & Olympia Railroad

Line: 1st Subdivision

Priority 3 Work

Line	Brg No	Sec	Repair Description	Work By	Workitem	Est Cost
1st Subdivision	B45.5	1	Replace stringer 8, span 2 (or add temp helper stringer). It is preferable to replace all stringers.		7008	
1st Subdivision	B45.5	3	Replace stringer 1, spans 1, 3 and 4 (or add temp helper stringer). It is preferable to replace all stringers.		7014	

Priority 4 Work

Line	Brg No	Sec	Repair Description	Work By	Workitem	Est Cost
1st Subdivision	B42.7	1	Free hinges and repair lock hasp on beam access door.		7002	
1st Subdivision	B44.4	1	Tamp bridge approach. Shim or grout under backwall ties.		7003	
1st Subdivision	B44.4	4	Replace all ties on section 4.		7004	
1st Subdivision	B44.4	5	Extend inner guard rail completely across section 5.		7005	
1st Subdivision	B45.5	1	Bolt timber cap together (vertically split) on Concrete Pier No. 1 in Section 2		7007	
1st Subdivision	B45.5	1	Tamp approach.		7009	
1st Subdivision	B45.5	3	Replace missing chord bolt, span 1, chord 2.		7013	
1st Subdivision	B45.7	1	Clean debris from bearing areas		7017	

Priority 5 Work

Line	Brg No	Sec	Repair Description	Work By	Workitem	Est Cost
1st Subdivision	B45.5	2	Monitor concrete bearing block under outer floor beam (corner cracked).		7010	

Recommended Bridge Work by Bridge, Grouped by Line (Including Completed)**Owner: Tri-City Railroad Company, LLC****Railroad: Tri-City & Olympia Railroad****1st Subdivision****Brg. B42.7 @ MP 42.70 Section No. 1 4 Spans Steel Box Girder Richland, WA**

Repair Description	Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Free hinges and repair lock hasp on beam access door.			4	7002		

SUM OF ESTIMATED COSTS:**Brg. B44.4 @ MP 44.40 Section No. 1 - North Approach I 1 Span Beam Span Richland, WA**

Repair Description	Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Tamp bridge approach. Shim or grout under backwall ties.			4	7003	☐	

SUM OF ESTIMATED COSTS:**Brg. B44.4 @ MP 44.40 Section No. 4 - South Approach I 3 Spans TPG Richland, WA**

Repair Description	Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Replace all ties on section 4			4	7004		

SUM OF ESTIMATED COSTS:**Brg. B44.4 @ MP 44.40 Section No. 5 - South Approach II 11 Spans Conc Slab Span Richland, WA**

Repair Description	Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Extend inner guard rail completely across section 5.			4	7005	☐	

SUM OF ESTIMATED COSTS:**Brg. B45.5 @ MP 45.50 Section No. 1 - North Approach 4 Spans ODFT Richland, WA**

Repair Description	Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Replace stringer 8, span 2 (or add temp helper stringer). It is preferable to replace all stringers.			3	7008	☐	
Bolt timber cap together (vertically split) on Concrete Pier No. 1 in Section 2			4	7007	☐	
Tamp approach.			4	7009	☐	

SUM OF ESTIMATED COSTS:

BRIDGE INSPECTION RECORD

Owner **Tri-City Railroad Company, LLC**
 Region
 Railroad **TRI-CITY & OLYMPIA RAILROAD**
 Line **1st Subdivision**

Gen Bridge Notes:

Lat. **N 46° 15' 15.1"** Bridge No. **B44.4**
 or Desg
 Long. **W 118° 18' 31.9"** Mile Post **44.4**
 11402

Bridge Name **Yakima River Bridge**
 Nearest Station **Richland WA**
 County **Benton** Overhead?
 Crosses/Carries **Yakima River** **No**
 Access **Truck to Abutment.**

Mileposts increase to **S** Members increase to **W**

Abutments ☐ Alignment **Tangent** **N/A** Section **4** **South Approach I**
 Conc/Steel Piers **3** Guard Rail? **Yes** **3** Spans **TPG**
 Timber Bents ☐ Walk **None**
 Timber Piers ☐ Fiber Optic? **No** Est Height **26** No Tracks **1** Deck **Open** Year Const
 Skewed? **No** Other Fixtures **No** Ave Span **15** Gen Section
 Lines of Beams, Girders or Stringers ☐ Section Lgth **175** Notes:
 Notes:

Line & Surface **Good** Date **7/9/2013** Inspection Type **Annual**
 Deck **OK** Project No **1126** Inspector(s) **K Kirschling**
 Ties **Substandard**
 Walkway **NA**
 Approaches **NA**
 Headwalls **NA**
 Wingwalls **NA**
 Erosion **OK except Pier 5 is unknown (under water).**
 Drift **No**
 Vegetation **No**
 General Inspection Comments
 Brief Summary including Urgent Condition **Good condition.**
 Slow Order? ☐

Recommended and Completed Work

Written No.	Date Rec'd	Date Conf'd	Recommended Work Description	Priority	By:	Done?	Completed
7004	03/27/12	07/09/13	Replace all ties on section 4	4		☐	

PIERS (including ABUTMENTS)

Pier	Date	Hgt	Description	Pier Notes
5	03/27/12	20	Deep C.J.P. concrete cap on steel H-piles.	Pier shared with sections 3
6	03/27/12	17	Concrete.	
7	03/27/12	17	Concrete.	Pier shared with section 5

STEEL/CONCRETE SPANS (by PANEL)

Span	Panel	Length	Inst Date	Panel Notes
1	1	10.25	03/27/12	
1	2	10.25	03/27/12	
1	3	10.25	03/27/12	

Yakima River Bridge Report 2014

Recommended Bridge Work by Bridge, Grouped by Line (Including Completed)

Owner: Tri-City Railroad Company, LLC

Region:

Railroad: Tri-City & Olympia Railroad

1st Subdivision

Brg. B42.7 @ MP 42.70 Section No. 1 4 Spans Steel Box Girder Richland, WA

Repair Description

Free hinges and repair lock hasp on beam access door at north end. Close & secure access door at south end.

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Railroad		3	7002	☐	

SUM OF ESTIMATED COSTS:

Brg. B44.4 @ MP 44.40 Section No. 1 - North Approach I 1 Span Beam Span Richland, WA

Repair Description

Temp bridge approach. Shim or grout under backwall ties.

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
		4	7003	☐	

SUM OF ESTIMATED COSTS:

Brg. B44.4 @ MP 44.40 Section No. 4 - South Approach I 3 Spans TPG Richland, WA

Repair Description

Replace all ties on section 4.

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
		4	7004		

SUM OF ESTIMATED COSTS:

Brg. B44.4 @ MP 44.40 Section No. 5 - South Approach II 11 Spans Conc Slab Span Richland, WA

Repair Description

Extend inner guard rail completely across section 5.

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
		4	7005		

SUM OF ESTIMATED COSTS:

Brg. B45.5 @ MP 45.50 Section No. 1 - North Approach 4 Spans ODFT Richland, WA

Repair Description

Replace stringer 8, span 2 (or add temp helper stringer). It is preferable to replace all stringers. Consider replacing timber approaches with precast concrete slabs on steel bents.

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Contractor		3	7008		

Bolt timber cap together (vertically split) on Concrete Pier No. 1 in Section 2

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Railroad		4	7007		

Raise and tamp approaches.

Work by	Program Yr	Priority	Workitem	Done?	Est Cost
Railroad		4	7009		

SUM OF ESTIMATED COSTS:

BRIDGE INVENTORY INFORMATION

TRI-CITY & OLYMPIA RAILROAD		Lat. N 48° 18' 18.1"	Unique Bridge I.D. B44.4
Owner Tri-City Railroad Company, LLC	Long. W 119° 15' 31.9"	Mile Post 44.40	
Region	Bridge Name Yakima River Bridge		
Line 1st Subdivision	Nearest Station Richland WA		
Gen Bridge Notes:	Crosses/Carries Yakima River		
MP Increase S	County Benton Overhead? No		
Mmbra Increase W	Access Truck to Abutment		
Abutments	Alignment Tangent N/A Section 4 South Approach I		
Conc/Steel Piers 3	Guard Rail? Yes 3 Spans (type) TPG		
Timber Bents	Walk None Est Height 26 No Tracks 1 Deck Open Year Const		
Timber Piers	Fiber Optic? No Ave Span 15 Gen Section Notes:		
Skewed? No Other Features No	Section Lgth 175		
Lines of Beams, Girders or Stringers			

2014 INSPECTION RECORD

Date 9/5/2014	Inspection Type Annual
Line & Surface Good	Project No 1232
Deck OK	Inspector(s) K. Kirschling
Ties Substandard	General Inspection Comments
Walkway NA	
Approaches NA	
Headwalls NA	
Wingwalls NA	
Erosion OK except Pier 3 is unknown (under water).	Brief Summary Including Urgent Condition
Drift No	
Vegetation No	Slow Order?

PIERS (including ABUTMENTS)

Pier	Date	Hgt	Description	Pier Notes
5	09/05/14	20	Deep C.I.P. concrete cap on steel H-piles.	Pier shared with sections 3
6	09/05/14	17	Concrete.	✓
7	09/05/14	17	Concrete.	Pier shared with section 5

STEEL/CONCRETE SPANS (by PANEL)

Span	Panel	Length	Date	Panel Notes
1	1	10.25	09/05/14	✓
1	2	10.25	09/05/14	✓
1	3	10.25	09/05/14	✓

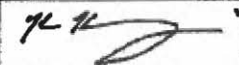
TRI-CITY & OLYMPIA RAILROAD

1st Subdivision, South Approach 1 of Brg. B44.4

1	4	10.25	09/05/14	✓
1	5	10.25	09/05/14	Bent bottom lateral brace.
1	6	10.25	09/05/14	✓
1	7	10.25	09/05/14	✓
1	8	10.25	09/05/14	✓
1	9	10.25	09/05/14	✓
2	1	9.75	09/05/14	✓
2	2	9.75	09/05/14	✓
2	3	9.75	09/05/14	✓
2	4	9.75	09/05/14	✓
2	5	9.75	09/05/14	✓
2	6	9.75	09/05/14	✓
2	7	9.75	09/05/14	✓
2	8	9.75	09/05/14	✓

Recommended and Completed Work							
Worksheet No.	Date Received	Date Confirmed	Recommended Work Description	Priority	By	Done?	Completed
7004	03/27/12	09/05/14	Replace all ties on section 4.	4			

Signed (Inspector):



**2015 ANNUAL BRIDGE INSPECTION
TRI-CITY & OLYMPIA RAILROAD (TCRY)
1ST SUBDIVISION**

SUMMARY

Bridges of the Tri-City & Olympia Railroad were inspected by Ken Kirschling, PE of Railstar Engineering in the company of TCRY track inspector Mario Mendoza on December 30, 2015.

The bridges were found to be in very good condition. Highlighting this year, the timber approaches to the Columbia Park Trail Bridge (B45.5) were replaced with steel bents and beams, eliminating several previously recommended maintenance items along with them.

The only issue at this time is the tie condition on the Yakima River Bridge (B44.4). It is recommended that ties be programmed for replacement starting with sections 3 and 4 (the main spans over the river) followed by sections 1 and 2.

METHOD OF INSPECTION

This was an *Annual* railroad bridge inspection, adhering to methodologies described in the *AREMA Bridge Inspection Handbook* developed by Committee 10 - Structures, Maintenance & Construction, and in compliance with recent FRA regulations spelled out in 49 CFR Parts 213 and 237, "Bridge Safety Standards." Mr. Mendoza provided On-Track Safety in the form of Train Approach Warning ("Watchman-Lookout" Protection) and was in radio communication with the train crew at all times.

All members of steel and concrete structures were accessed and carefully observed visually. Where direct visual examination was not possible, access was gained using binoculars and free climbing.

FINDINGS & RECOMMENDATIONS

All of the bridges on the Tri-City Railroad are in very good condition.

Due to decay in the tie plate area causing loss of spike holding power, the ties on Bridge B44.4 over the Yakima River are coming due for replacement. While not necessary now, it will become so in the next few years. It is recommended that a tie replacement schedule be established; starting with Sections 3 and 4 followed by Sections 1 and 2.

On another note, the hinges on a hatch to access the interior of the steel box girder on the north end of Barry's Bridge (B42.7) are seized part-way open and the hasp is broken allowing access to the hatch on the south end. The construction of the hasp on the south end hatch is light enough to allow fairly easy entry. It appears the weld attaching the hasp to the bottom plate of the girder was broken with a hammer. To head off a potential liability issue, it is recommended that the hasp on the south end be

Recommended Bridge Work**Grouped by Priority (Including Completed)**

Owner: Port of Benton

Railroad: Tri-City Railroad

Line: 1st Subdivision

Priority 3 Work

Line	Brg No	Sec	Repair Description	Work By	WorkItem	Est Cost
1st Subdivision	B44.4	1	Replace ties.	Contractor	2	
1st Subdivision	B44.4	2	Replace ties.	Contractor	1	
1st Subdivision	B44.4	3	Replace ties.	Contractor	1	
1st Subdivision	B44.4	3	Underwater inspection.	Engineer/Inspector	2	
1st Subdivision	B44.4	4	Replace all ties on section 4.	Contractor	1	
1st Subdivision	B42.7	1	Free hinges and repair lock hasp on beam access door at north end. Close & secure access door at south end.	Railroad	1	
1st Subdivision	B42.7	1	Find out if WASHDOT inspects, how often and if they enter girders.	Engineer/Inspector	2	

Priority 4 Work

Line	Brg No	Sec	Repair Description	Work By	WorkItem	Est Cost
1st Subdivision	B45.7	1	Clean debris from bearing areas	Railroad	1	
1st Subdivision	B45.5	1	Pour a pad of high strength grout under the structural tubing that is now on shims.	Contractor	1	
1st Subdivision	B45.5	3	Pour a pad of high strength grout under the structural tubing that is now on shims.	Contractor	1	
1st Subdivision	B44.4	1	Tamp bridge approach. Shim or grout under backwall ties.	Railroad	1	
1st Subdivision	B44.4	5	Extend inner guard rail completely across section 5.		7005	

Recommended Bridge Work by Bridge, Grouped by Line (Including Completed)

Owner: Port of Benton

Railroad: Tri-City Railroad

1st Subdivision**Brg. B45.7 Section No. 1**

MP 19.74 1 Span Beam Span

Repair Description

Clean debris from bearing areas

Work by

Railroad

Program Yr Priority Workitem Done?

4 1 ☐Est Cost
or Date
Completed

SUM OF ESTIMATED COSTS:

Brg. B45.5 Section No. 1 North Approach

MP 19.96 4 Spans Beam Span

Repair Description

Pour a pad of high strength grout under the structural tubing that is now on shims.

Work by

Contractor

Program Yr Priority Workitem Done?

4 1 ☐Est Cost
or Date
Completed

SUM OF ESTIMATED COSTS:

Brg. B45.5 Section No. 3 South Approach

MP 19.96 4 Spans Beam Span

Repair Description

Pour a pad of high strength grout under the structural tubing that is now on shims.

Work by

Contractor

Program Yr Priority Workitem Done?

4 1 ☐Est Cost
or Date
Completed

SUM OF ESTIMATED COSTS:

Brg. B44.4 Section No. 1 North Approach I

MP 21.00 1 Span Beam Span

Repair Description

Replace ties.

Temp bridge approach. Shim or grout under backwall ties.

Work by

Contractor

Program Yr Priority Workitem Done?

3 2 ☐Est Cost
or Date
Completed

Railroad

4 1 ☐

SUM OF ESTIMATED COSTS:

Brg. B44.4 Section No. 2 North Approach II

MP 21.00 1 Span TPG

Repair Description

Replace ties.

Work by

Contractor

Program Yr Priority Workitem Done?

3 1 ☐Est Cost
or Date
Completed

SUM OF ESTIMATED COSTS:

Brg. B44.4 Section No. 3 Main Section

MP 21.00 2 Spans Thru Truss

Repair Description

Replace ties.

Underwater inspection.

Work by

Contractor

Program Yr Priority Workitem Done?

3 1 ☐Est Cost
or Date
Completed

Engineer/Inspector

3 2 ☐

SUM OF ESTIMATED COSTS:

PORT OF BENTON

May 24, 2018

Tri-City Railroad Company, LLC
C/O Lisa Anderson
P.O. Box 6000
Kennewick, WA 99336

via email: *Lisa@tcry.com*
Rvpeterson@me.com
Rhett@tcry.com
Jose@tcry.com

Union Pacific Railroad
C/O Michelle Martinson
1400 Douglas Street
Omaha, NE 68179

via email: *MMartinson@up.com*
JBarager@up.com

Burlington Northern Santa Fe
C/O Chris Randall
2650 Lou Menk Drive
Fort Worth, TX 76131

via email: *Christopher.Randall@bnsf.com*
Mike.Surina@bnsf.com

RE: FRA Bridge Inspection and Ongoing Notice of Default

Dear Lisa:

On April 27, 2018, the Port sent correspondence to TCRY that stated: "The most serious safety concerns at this time are the Yakima River Bridge, and Berry's Bridge due to a significant number of ties needing to be replaced immediately. Please provide us with your tie replacement plan, and specifically point out when these bridges will be addressed."

Rather than providing us with a tie replacement plan as we have asked for so many times that it is becoming an exercise in futility, you responded on May 10, 2018 (attached) with a letter stating that the FRA had not found any defects.

FIVE DAYS LATER, on May 15, 2018, the FRA found defective bridge ties and you were given a violation and the need for remedial action to be taken.

A tie replacement plan is needed. A tie replacement plan is necessary. It is necessary for public safety, for effective infrastructure that will allow the railroads to serve customers in an efficient manner, and last but not least, it is needed for TCRY to cure its Default and get back into compliance with your Lease with the Port.

On May 22, 2018, you sent an email to the Port (attached). This email mischaracterizes the responsibilities of the Port and of TCRY. Maintenance and tie replacement are, and always have been, TCRY's responsibility. This is not a capital improvement project, but another act of deferred maintenance and/or of failure to properly inspect the bridges. Your Lease states that certified personnel will provide for regular inspections. The Port now requests documentation that your inspector is properly certified, since FRA inspections have on more than one occasion, come back with significant defects that the TCRY inspector has failed to note.

In your 2013, 2014, and 2015 Annual Bridge Inspection (attached), your inspectors stated that tie replacement needed to happen, and a tie replacement schedule needed to be

established. TCRY has yet to provide 2016 or 2017 Annual Bridge Inspection Reports, so we can only assume that tie replacement was addressed again. Then on May 10, 2018 your letter stated that you have replaced "a number of ties on the bridges (including in 2018) and will continue this process as necessary." That process is necessary, and your email of May 22, 2018 is evidence that you plan to ignore your obligation.

I would advise you to look to the following sections of the Lease:

Recitals: ...WHEREAS, the parties wish to transfer the costs associated with the operation of the railroad, including the insurance and the responsibility for the inspection and maintenance of the bridges and overpasses to the Tenant.

1.1 The Property consists of approximately 16 miles of railroad trackage...including the tracks, bridges, trestles, crossings, and maintenance equipment...

8. MAINTENANCE OF PROPERTY. Throughout the term of this Lease, Tenant, at its sole cost and expense, shall maintain the Property and all improvements and fixtures then existing thereon in good condition and repair...

8.1 Tenant will provide for regular inspections of the railroad bridges, spans and overpasses by certified personnel. The inspections will comply with the requirements of CFR 49 and any other applicable laws and regulations to maintain the railroad as a Class 3 railroad. Tenant will promptly repair any conditions which require repair or replacement in order to comply with applicable rules and regulations. The obligation to maintain the railroad shall include the maintenance, repairs or replacements of the bridges, spans and overpasses and the maintenance, repair and replacement of the tracks which cross the bridges, spans and overpasses...

8.2 Any repairs or maintenance which is necessary for safety or the protection of life and property shall be done as soon as possible. Tenant shall promptly report any such conditions of the Port.

8.3 Tenant will provide for regular inspections and maintenance of the railroad crossings and the crossing signals by certified personnel. The

inspections will **comply with CFR 49 and any applicable law and regulations.** The crossings and crossing signals shall be maintained in at least their present condition.

8.4 Tenant will provide all of the labor and materials necessary to maintain, repair or replace any of the railroad as required to meet the conditions of this contract.

Should you fail to undertake and promptly cure this latest noted defect by the FRA by June 15, 2018, at your sole expense as provided by the Lease, the Port of Benton will have no choice but to consider any and all legal options afforded to us under Washington State law.

Ongoing Issues – Reiterated

The FRA noted more than two dozen defects in their reports from April 18th and 19th. It has now been thirty days, and we have not received any evidence from TCRY that those defects were properly remedied. Please provide that evidence immediately.

As provided in previous correspondence, the Lease does allow for a thirty-day cure period. Per the terms of the Lease, Section 14.3 provides for the Tenant's Right to Cure:

“...For the cure of any other default, Tenant shall have thirty days after receipt of written notice to cure the default, provided, however, that if it takes more than thirty (30) days to cure a default, the Tenant shall not be in default if it promptly undertakes a cure and diligently pursues it.”

In other words, so long as the TCRY promptly undertakes and diligently pursues remedies for the old FRA defects, the newly found FRA defects, *and* the thousands of ties that need replaced, it will not be necessary for the Port of Benton to take any additional actions in regard to a termination of the Lease. However, it is becoming more obvious that TCRY does not intend to promptly undertake a cure and diligently pursue it. Please provide us with *any* evidence to the contrary.

Maintenance

In the past, the Port has repeatedly asked for TCRY's plans to address deferred maintenance, and we will continue to do so, despite TCRY's protestations that no plans, inspection reports, or maintenance reports need to be provided.

Graffiti

A rather large amount of graffiti has been allowed to occur and remain visible on the Yakima River Bridge. TCRY must fix this issue. First off, it is a safety issue for the public to be walking on the bridge. Second, it appears to be gang-related, and allowing it to remain on a structure that is branded with both Port of Benton and TCRY logos tarnishes the reputations of both entities.

Complaints from UP/BNSF

As we have stated previously, the Port has received complaints from both UP and BNSF that they have been experiencing blockages from the Richland Yard, from the government siding/center parkway, and have been contacting TCRY dispatch to no avail. The Port must request that these practices be discontinued immediately.

Best regards,



DAVID J. BILLETDEAUX
Port Counsel

CC: Port Commissioners
Scott D. Keller, Executive Director

Enclosures: TCRY Letter to POB – 5/10/2018
FRA Inspection Report – 5/15/2018
Email from TCRY – 5/22/2018
Annual Bridge Inspections Reports (2013, 2014, 2015)



PROUDLY SERVING OUR COMMUNITY **18**

FOF042640
KING OF THE HILL WA 99354

TCRY.COM

lisa.anderson@TCRY.COM

P 360.222.9067

F 509.582.4766

May 10, 2018

David Billetdeaux
Port of Benton
3250 Port of Benton Blvd.
Richland, WA 99354

via Email and USPS

David,

This correspondence provides feedback to your April 27th letter which references the Yakima River Bridge and Berry's Bridge.

TCRY underwent a track inspection on December 5, 2017 - December 6, 2017. The FRA inspector was Paul Gangstad.

TCRY underwent a team track inspection on February 27, 2018 - March 1, 2018. The inspectors were Timothy Presser, John Martinsen and Edwin Page.

A third FRA track inspection was performed on April 18, 2018 - April 19, 2018. The inspector was Paul Gangstad.

No tie defects on the bridges were identified in any of these inspections. A "Note" was made regarding ties in the final "Comment to Railroad/Company" section of a report in December. As part of our routine maintenance, TCRY has replaced a number of ties on the bridges (including in 2018) and will continue this process as necessary.

Thank you.

Sincerely,

Lisa Anderson
Executive Vice President

CC: Jose Romero, Tri-City Railroad
Port Commissioners

TRI-CITY RAILROAD COMPANY, LLC

MAINTENANCE TOLL FEE

This Maintenance Toll Fee is applicable on intrastate and interstate traffic, except where expressly provided to the contrary in connection with particular items.

MAINTENANCE TOLL FEE – HORN RAPIDS INDUSTRIAL PARK

ISSUED: JUNE 5, 2018

EFFECTIVE: JUNE 25, 2018

ISSUED BY

**Lisa Anderson, Executive Vice President
Tri-City Railroad Company, LLC
10 North Washington Street
Kennewick, WA 99336**

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment.)

In 2002 the Tri City Railroad Company (TCRY) entered into a long term Railroad Lease with the Port of Benton. For the following 15 years TCRY performed track maintenance using revenues derived, in part, from operating on the tracks as the Union Pacific Railroad handling carrier.

On December 8th, 2017 the Union Pacific Railroad began direct operations on the railroad track and ceased using TCRY as its handling carrier. This change eliminated revenues received from Union Pacific Railroad, part of which were used to fund track maintenance.

TCRY receives no financial compensation or funding subsidy from the track owner, the Port of Benton.

The City of Richland owns the Horn Rapids Industrial Park. The City of Richland owns the tracks within the Horn Rapids Industrial Park that connect to the tracks outside the park that are maintained by TCRY.

The City of Richland owned Horn Rapids Industrial Park has, does and will continue to benefit from railcars traveling safely over the tracks maintained by TCRY bound for or bound from the Horn Rapids Industrial Park.

For the past six months since December 8, 2017, TCRY has evaluated various options to replace the revenues no longer provided by the Union Pacific Railroad to TCRY for track maintenance.

The Maintenance Toll Fee is a reasonable cost to benefit assessment.

The Maintenance Toll Fee applies to all railcars traveling on the Port of Benton own tracks maintained by TCRY to and from the City of Richland Horn Rapids Industrial Park.

The Maintenance Toll Fee is assessed by TCRY to the City of Richland, the owner of the Horn Rapids Industrial Park.

Fees charged are in accordance with maximum gross weight on rail rating of each railcar as follows:

263,000 lbs.	\$ 75 per round trip
286,000 lbs.	\$ 95 per round trip

The Maintenance Toll Fee will provide a continuous revenue stream to TCRY thereby ensuring the financial resources necessary to optimally maintain the railroad tracks which in turn ensures safe and efficient flow of rail traffic traveling to and from the City of Richland Horn Rapids Industrial Park.

Maintenance Toll Fees are invoiced weekly and due upon receipt of TCRY invoice.

-END-



July 16, 2018

Ms. Lisa Anderson
C/o Tri-City Railroad Company
P.O. Box 6000
Kennewick, WA 99336

Re: Proposed Tariff

Dear Ms. Anderson:

I am writing in connection with the maintenance tariff dated June 5, 2018, which would be effective June 25, 2018, according to its terms. The tariff proposes to impose a "maintenance toll fee" on all railroad traffic traversing the Port's rail line. The stated basis for the fee is the lack of transportation revenue because the Union Pacific Railroad has decided to perform local service on the line in lieu of those previously provided by Tri-City Railroad.

The Port held its regularly scheduled Commission meeting yesterday, and the maintenance tariff was discussed. The Commissioners directed me to send follow-up correspondence to you.

As you will recall, the lease granting Tri-City railroad the right to operate over the Port's line specifically provides at section 8 that the tenant is responsible for maintenance of the property at its sole cost and expense. The lease also specifically provides at section 7.1 that "any tariffs imposed upon the use of the railroad by the Tenants shall be reasonable in light of the use of the railroad and shall be subject to the review and approval of the Port..." Simply imposing this tariff without prior Port approval is contrary to the Lease and a material default.

A key piece in determining the reasonableness, fairness, and equitability of this proposed tariff is to determine the necessity of additional funds for current maintenance, future maintenance, and deferred maintenance. In other words, we need to know that the tariff is both necessary and that the amount of the tariff is reasonable, fair, and equitable.

In order to make that determination we need for you to provide your maintenance records and invoices for all maintenance done over the past five years. In the past, TCRY has occasionally provided cursory maintenance records. Such cursory records will not

suffice for this request. In order for the Port to review and approve the proposed tariff, the Port will need to see the following:

- 2012-2017 IRS Tax Returns for TCRY/Tri-City Railroad, LLC/TCOR, et al.
- 2012-2017 General Ledger Detail Reports for all repairs, maintenance supplies, and payroll expenditures relating to maintenance for all entities listed above
- 2012-2017 Maintenance Records and Invoices for services provided and supplies purchased

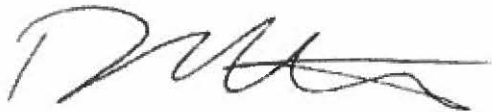
This documentation is needed to establish the level of maintenance that has occurred on an annual basis. Please feel free to redact any personal information from such provided documentation. Further, any additional financial information you can provide would be helpful in determining TCRY's current need for additional maintenance funds above those funds already received from the Port through the sublease of your building and land as provided for in the 2002 Lease between TCRY and the Port of Benton.

If you have any questions or would like to discuss any of the items asked for above, please contact our regulatory attorney John Heffner at:

Clark Hill Strasburger
1025 Connecticut Avenue, N.W., Suite 717
Washington, D.C. 20036
Phone: 202-742-8607
John.heffner@clarkhillstrasburger.com

Please provide the necessary documents on or before August 17, 2018.

Best regards,



DAVID J. BILLETDEAUX
Port Attorney

Encl. Proposed "Maintenance Toll Fee"

TRI-CITY RAILROAD COMPANY, LLC

MAINTENANCE TOLL FEE

This Maintenance Toll Fee is applicable on intrastate and interstate traffic, except where expressly provided to the contrary in connection with particular items.

MAINTENANCE TOLL FEE – HORN RAPIDS INDUSTRIAL PARK

ISSUED: JUNE 5, 2018

EFFECTIVE: JUNE 25, 2018

ISSUED BY

**Lisa Anderson, Executive Vice President
Tri-City Railroad Company, LLC
10 North Washington Street
Kennewick, WA 99336**

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment.)

In 2002 the Tri City Railroad Company (TCRY) entered into a long term Railroad Lease with the Port of Benton. For the following 15 years TCRY performed track maintenance using revenues derived, in part, from operating on the tracks as the Union Pacific Railroad handling carrier.

On December 8th, 2017 the Union Pacific Railroad began direct operations on the railroad track and ceased using TCRY as its handling carrier. This change eliminated revenues received from Union Pacific Railroad, part of which were used to fund track maintenance.

TCRY receives no financial compensation or funding subsidy from the track owner, the Port of Benton.

The City of Richland owns the Horn Rapids Industrial Park. The City of Richland owns the tracks within the Horn Rapids Industrial Park that connect to the tracks outside the park that are maintained by TCRY.

The City of Richland owned Horn Rapids Industrial Park has, does and will continue to benefit from railcars traveling safely over the tracks maintained by TCRY bound for or bound from the Horn Rapids Industrial Park.

For the past six months since December 8, 2017, TCRY has evaluated various options to replace the revenues no longer provided by the Union Pacific Railroad to TCRY for track maintenance.

The Maintenance Toll Fee is a reasonable cost to benefit assessment.

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The Maintenance Toll Fee is assessed by TCRY to the City of Richland, the owner of the Horn Rapids Industrial Park.

Fees charged are in accordance with maximum gross weight on rail rating of each railcar as follows:

263,000 lbs.	\$ 75 per round trip
286,000 lbs.	\$ 95 per round trip

The Maintenance Toll Fee will provide a continuous revenue stream to TCRY thereby ensuring the financial resources necessary to optimally maintain the railroad tracks which in turn ensures safe and efficient flow of rail traffic traveling to and from the City of Richland Horn Rapids Industrial Park.

Maintenance Toll Fees are invoiced weekly and due upon receipt of TCRY invoice.

-END-

PROUDLY SERVING OUR COMMUNITY **18**

PO BOX 6006
KENNELWICK WA 99336

TCRY.COM
ashonderson@TCRY.COM P 360.239.0267
F 509.582.4264

August 29, 2018

David Billetdeaux
Port of Benton
3250 Port of Benton Blvd.
Richland, WA 99354

via Email and USPS

David,

In accordance with Section 7.1 of the Railroad Lease, please find attached to this letter, TCRY Supplement 1 to our Miscellaneous Tariff effective July 11, 2015 to allow for the Port to review it.

The Railroad Lease states in Section 7.1 "Any tariffs imposed upon the use of the railroad by the Tenant shall be reasonable in light of the use of the railroad and shall be subject to the review and approval of the Port, to insure compliance with the Port's agreements with the United States."

The Railroad Lease also states in Section 8 "Throughout the term of this Lease, Tenant at its sole cost and expense, shall maintain the Property and all improvements and fixtures then existing thereon in good condition and repair, subject to reasonable wear and tear, and in accordance with all applicable covenants, laws, rules, ordinances, and regulations of governmental agencies applicable to the maintenance and operation of the railroad, provided, however, that the Port shall be responsible for the maintenance of the roof and the exterior walls of the 1171 Building."

The Railroad Lease further states in Section 1 "The Tenant agrees to take the Property in its present condition without warranties."

The railroad was built in 1940s using mostly rounded river rock for ballast rather than railroad industry standard ballast and mostly 90 lb. light rail. The traffic on the railroad at the time of signing the Railroad Lease in 2002 consisted of several hundred cars a year to the Lamb Weston potato facility south of the railroad yard. Today, the traffic has increased to over 8,000 cars loaded and another 8,000 cars empty totaling over 16,000 cars annually. The projections for additional use of the railroad indicate the traffic will increase substantially and will exceed 20,000 cars per year within the next two years.

The Port has attempted to rewrite the Railroad Lease to place the burden of Capital Improvements on TCRY. TCRY adamantly disagrees with the Port doing this. The Capital Improvements issue will be sorted out in the Federal Case in due course.

In the meantime, the maintenance work required for the railroad to keep it in a safe and useable condition has substantially increased over the sixteen years since 2002 in line with the increased use of it.

In accordance with "*subject to reasonable wear and tear*" as applied to the maintenance of the railroad, TCRY has significant latitude provided by the Railroad Lease. However, TCRY has always placed safety as its number one priority and has one of the best safety records of any Class 3 railroad in the country.

TCRY believes that Supplement 1 to the 2015 TCRY Miscellaneous Tariff is "*reasonable in light of the use of the railroad*" and that it does not interfere with keeping the Port's "*compliance with the Port's agreements with the United States*".

The Port's non-objection is requested so that maintenance of the railroad can continue without interruption and so the railroad can continue to be used safely.

Regards,



Lisa Anderson
Executive Vice President

Attachment:
Supplement 1 to the 2015 TCRY Miscellaneous Tariff



MISCELLANEOUS CHARGES

Supplement 1

Dated August 28, 2018 Effective September 18, 2018

GENERAL APPLICATION

- A. TCRY shall mean TRI-CITY RAILROAD COMPANY, LLC
- B. TCRY railroad shall mean approximately sixteen (16) miles of TCRY railroad trackage extending from the RICHLAND CONNECTION in Kennewick, Washington to the Port of Benton's MANUFACTURING MALL in Richland, Washington and generally bordered by Horn Rapids Road on the North, formerly known as the 1100 Area.
- C. All cars are subject to this Supplement 1 and to the MISCELLANEOUS CHARGES Tariff effective July 11, 2015
- D. Contact for TCRY is: TCRY attention Tariff Department, PO Box 6000, Kennewick, WA 99336, telephone 509-371-8313 or 360-239-9067.
- E. TCRY Rules, Tariffs and Accessorial Charges apply when cars are on the TCRY.
- F. The responsible party is the entity subject to this Supplement 1 to the Miscellaneous Charges Tariff.

7. Item 1. Storage Restrictions in TCRY tariff "Miscellaneous Charges" effective July 11, 2015 is deleted in its entirety and replaced with:

1. Railcar Storage

Railcar storage is available on TCRY tracks for cars of any ownership when track space is available in the sole judgment of TCRY. Contact TCRY for track availability. Storage of railcars requires a written Agreement between TCRY and the responsible party for payment of storage charges.

8. Item 2. Intra-Plant & Intra-Line Switching in TCRY Miscellaneous Tariff effective July 11, 2015 is deleted in its entirety and replaced with:

2. Switch Charge

The switch charge of Six Hundred Dollars (\$600.00) per car per switch will be charged for switching of cars. TCRY reserves the right to switch any car while that car is on approximately sixteen (16) miles of TCRY railroad trackage extending from the RICHLAND CONNECTION in Kennewick, Washington to the Port of Benton's MANUFACTURING MALL in Richland, Washington and generally bordered by Horn Rapids Road on the North, formerly known as the 1100 Area. A Fuel Surcharge is in addition to the Switch Charge and added to the Switch Charge. The Fuel Surcharge is calculated in accordance with the current "United States Department of Energy on Highway Diesel Fuel Price U.S. Average plus surcharge".

9. Item 5. UP Circular 16-E Governing Rules in TCRY Miscellaneous Tariff effective July 11, 2015 is deleted in its entirety and replaced with:

5. Railroad Maintenance Charge

A track maintenance charge of Ninety-Five Dollars (\$95.00) per car will be charged by TCRY on all cars that enter the TCRY railroad at RICHLAND CONNECTION in Kennewick, Washington.

This charge will be collected by and accrue solely to the TCRY. This charge will be in addition to all other applicable charges.

10. Payment of Charges

The responsible party must pay TCRY in accordance with the payment terms identified on the TCRY invoice.

Cars on the TCRY system line shall be deemed acceptance of responsibility for payment of all charges accruing on the cars. Such payment shall be in U.S. money and cannot be reduced to offset claims, damages to property, or for any other reasons.

LATE FEES & FINANCE CHARGES: The TCRY will assess a Five (5%) Late Fee plus a finance charge of 1.5% per month (18% per annum) on all unpaid bills that are past due. If TCRY, at its sole discretion, uses a collection agency or attorneys to collect delinquent bills for freight or other charges and TCRY is successful in collecting such charges, the responsible party shall reimburse TCRY for its reasonable collection costs, including reasonable collection agency fees and reasonable attorneys' fees.

END

TRI-CITY RAILROAD COMPANY, LLC

MISCELLANEOUS CHARGES

This tariff is also applicable on intrastate traffic, except where expressly provided to the contrary in connection with particular items.

MISCELLANEOUS CHARGES

ISSUED: July 6, 2015

EFFECTIVE: July 11, 2015

ISSUED BY

**Randolph Peterson, General Manager
Tri-City Railroad Company, LLC
2579 Stevens Drive
Richland, WA 99354**

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment.)

MISCELLANEOUS CHARGES

1. Storage Restrictions:

TCRY does not provide storage for locomotives or railcars.

2. Intra-Plant & Intra-Line Switching

An amount of \$175.00 per car will be charged for switching cars after initial placement for loading, unloading or repairs. Intra-plant means switching on one or more tracks within the same plant of a given industry within the same station. Intra-line refers to switching any car after initial placement of any car within the TCRY line system. Such charges apply on regularly scheduled freight service days.

When an intra-plant or intra-line switch is requested on a non-scheduled TCRY service day, an additional rate of \$375.00 per crew hour, \$1,500.00 minimum, will apply.

3. Closing of Railcar Doors

When a railcar necessitates the closing of a door or hatch due to any inaction by a third party, TCRY will assess a charge of \$150.00 per door or hatch to the patron.

4. Railcars Placed for Loading, Unloading, or Re-spotting Outside of Normal Business Hours

For service requests outside of normal business hours, contact TCRY for availability and pricing.

5. UP Circular 16-E Governing Rules

TCRY has adopted the Union Pacific Governing Rules Circular 16-E where applicable and as a minimum.

6. Weight Restrictions

Seventy one thousand five hundred (71,500) pounds per axle is the maximum allowed weight on the TCRY for all railway equipment and rolling stock.

Note: The provisions of this Miscellaneous Charges Tariff apply on all rail movements on the TCRY.

-END-

CLARK HILL | Strasburger

John D. Heffner
T (202) 742-8607
F (202) 742-8697
Email: John.Heffner@clarkhillstrasburger.com

Clark Hill Strasburger
1025 Connecticut Avenue, N.W.
Suite 717
Washington, D.C. 20036-4104
T 202 742 8600
F 202 742 8699

clarkhill.com

August 31, 2018

Ms. Lisa Anderson
c/o Tri-City Railroad Company
P.O. Box 6000
Kennewick, WA 99336

Dear Ms. Anderson:

I am writing on behalf of the Port of Benton. David Billetdeaux has asked me to reply to your letter dated August 29, 2018. I interpret your letter as a request for the Port of Benton to review and approve the attached TCRY Supplement 1 to TCR's Miscellaneous Tariff dated July 11, 2015.

Your letter seeks to justify certain switching and maintenance charges and a fuel surcharge because without those fees it can no longer afford to maintain a railroad built to standards common at time of construction in the 1940's. More specifically, you note that traffic levels were fairly modest at the inception of your initial lease in 2002. Since then traffic has increased to over 16,000 cars per year with 20,000 cars per year forecast within two years. Accordingly, these higher traffic levels have increased the cost of your maintenance that TCR is required to bear as per its lease. Moreover, you claim that the Port has attempted to rewrite the lease to place the burden of making capital improvements on TCR.

As you will recall, TCR published a new tariff earlier this Summer intended to collect fees to pay for these obligations. TCR undertook that action without seeking Port approval as the lease specifically requires. To the extent that your need for additional fees needed to cover these costs may have some justification, you have not complied with the Port's request to provide it with traffic, revenue, or

Ms. Lisa Anderson
August 31, 2018
Page 2

other information that support your request. Accordingly, your tariff cannot be approved.

Sincerely yours,

CLARK HILL STRASBURGER

John D. Heffner
Attorney

Cc: David Billetdeaux, Esq.

ATTACHMENT 12



Christopher M. Randall
Director
Shortline Development

BNSF Railway Company
P.O. Box 981038
Fort Worth, TX 76161-0038
2500 Lou Menk Drive
Fort Worth, TX 76131-2828
Telephone: 817-352-6132
Fax: 817-352-7164
Email: Chris.Randall@BNSF.com

September 7, 2018

VIA email - david@portofbenton.com

David Billetdeaux
Port Counsel
Port of Benton
3250 Port of Benton Blvd.
Richland, WA 99354

Dear David,

I am writing in response to the August 29, 2018 letter you forwarded from the Tri-City Railroad Company (TCRY) regarding Supplement 1 to the 2015 Miscellaneous Tariff that TCRY recently proposed. In short, BNSF objects to the imposition of any fees, charges, tariffs, or other mechanism whereby TCRY passes along and/or imposes any maintenance-related or other fees on BNSF.

The 1947 Agreement between the Port, BNSF, and UP (as successors to the original parties) provided that after the Railroads reimbursed the federal government for the cost of construction, the Railroads would have "equal joint right to operate" over the Tracks and would thereafter be permitted to operate over the line "free of rental or any other charge." BNSF views TCRY's attempted imposition of a Railroad Maintenance Charge on BNSF as a direct violation and contrary to the 1947 Agreement.

As you may recall, in prior litigation involving TCRY, a Federal Court agreed with this position, stating:

The payments to be made by the Pacific Company and the Southern Company...shall be in lieu of all other charges for use by them or either of them during the term of this agreement....After all said annual payments to be made by the [Railroads] have been made, the Pacific Company and Union Company shall have the right to operate over the trackage without further payments.

Based on all of this, BNSF urges the Port to object to the imposition of any such fees, charges, and tariffs by TCRY on BNSF for operation over the Port of Benton's rail line.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Baskin". The signature is fluid and cursive, with the first name "Chris" and last name "Baskin" clearly distinguishable.

cc. Scott Keller

ATTACHMENT 13

From: Justin Barager
To: David Billetdeaux
Cc: Randall, Chris M; Scott Keller
Subject: Re: Proposed Supplement to Charges - TCRY
Date: Wednesday, September 5, 2018 7:48:28 AM

David,

I would advise them that the Port, as the owner and successor to the Atomic Energy Commission, cannot assent to fees charged to either BNSF or UP per our 3 party agreement without the Railroad's prior consent. I have attached the relevant section of the December 7, 1946 amendment to the trackage rights agreement. Northern Pacific, "Pacific Company," and Union Pacific, "Union Company," reimbursed the Commission for the cost of constructing the track, which is what the annual payments referenced below were for. That is why the railroads are allowed to now operate cost free.

I could be mistaken, but I thought the Federal Court had already made this clear to TCRY in their suit against BNSF.

"The payments to be made by the Pacific Company and Union Company as provided in this article shall be in lieu of all other charges for use by them or either of them during the term of this agreement of said line B-C. After all said annual payments to be made by the Pacific Company and Union Company have been made, the Pacific Company and Union Company shall continue to have the right to operate over the trackage without further payments."

Justin Barager
Joint Facilities
Phone: 402.544.4796
Fax: 402.271.5170
jbarager@up.com
Union Pacific Center | 1400 Douglas St. STOP 1120 | Omaha, NE 68179

From: David Billetdeaux <david@portofbenton.com>
To: "Randall, Chris M" <Christopher.Randall@BNSF.com>, Justin Barager <jbarager@up.com>
Cc: Scott Keller <keller@portofbenton.com>
Date: 08/30/2018 04:21 PM
Subject: Proposed Supplement to Charges - TCRY

This email originated from outside of the company. Please use discretion if opening attachments or clicking on links.

Attached, please find correspondence received yesterday from TCRY relating to a proposed "supplement" to their current miscellaneous charges, as well as the current miscellaneous charges document from the TCRY website.

The Port is interested in any comments you may have for us to consider while we review.

Thank you,

David J. Billetdeaux | Port of Benton, Attorney
3250 Port of Benton Blvd. | Richland, WA 99354
509. 375. 3060 | Office
509. 375. 5287 | Fax
509. 460. 0574 | Mobile
Email: david@portofbenton.com

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[attachment "Current misc charges.pdf" deleted by Justin Barager/UPC] [attachment "Proposed Changes to Misc charges 2018_08_29_12_58_59.pdf" deleted by Justin Barager/UPC]

**

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**

Jane E. Brown, Principal^a
Gerald Kobluk, Principal^a[†]
William C. Schroeder, Principal^a^{*}
William J. Schroeder, Principal^a[†]

KS
LITIGATION, P.S.

ATTACHMENT 14

Counsel^a[†]
Counsel^a
Counsel^a
FRANK L. IVINS, OF. Counsel[†]
Anne K. Schroeder, Associate^a[†]
Andrew C. Smythe, Counsel^a[†]

^aAdmitted in Washington
[†]Admitted in Idaho
^{*}Admitted in Montana

William C. Schroeder
WCS@KSBLit.legal

September 10, 2018

VIA EMAIL AND US MAIL

John D. Heffner
Clark Hill Strasburger
1025 Connecticut Avenue NW
Suite 717
Washington, DC 20036-4104
John.Heffner@clarkhillstrasburger.com

RE: Letter to Tri City Railroad Company, LLC, Dated September 4, 2018

Dear Mr. Heffner

I am outside general counsel for Tri City Railroad Company, LLC (TCRY). It received the above-referenced letter from you, and asked me to respond, as all these matters pertain to pending litigation, and TCRY's litigation counsel in that regard was unavailable, being presently in trial.

Please direct further communication concerning the subject matter in federal litigation to TCRY's litigation counsel:

Ryan M. Best
Best Law PLLC
905 W. Riverside, Suite 409
Spokane, WA 99201
509-624-4422
ryan.best@bestlawspokane.com

Breean L. Beggs
Paukert & Troppmann, PLLC
522 W. Riverside, Suite 560
Spokane, WA 99201
509-828-4374
bbeggs@pt-law.com

Troy Y. Nelson
Randall Danskin, P.S.
601 W. Riverside, Suite 1500
Spokane, WA 99201
509-747-5052
tyn@randalldanskin.com

Concerning the Port's Adverse Discontinuance filing, please direct communications to TCRY's STB counsel:

Thomas F. McFarland
Law Office of Thomas F. McFarland, PC
208 South Lasalle Street, Suite 1666
Chicago, IL 60604-1228
312-236-0204
mcfarland@aol.com

Mr. John D. Heffner
September 10, 2018
Page 2

TCRY has asked me to convey to you that it is notifying the FRA and users of the railroad that it is designating the tracks as excepted track in accordance with 49 CFR 213.4, and its Lease with the Port.

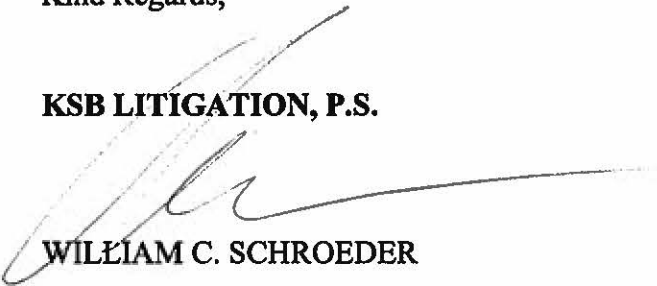
TCRY has asked me to remind the Port that, along with article VIII of the November 6, 1947 agreement between the UP and the BNSF predecessors and the United States Atomic Energy Commission (AEC), Section 9 of the January 24th, 1961 agreement between the AEC and the Northern Pacific Railway Company and the Union Pacific Railroad Company allows for either railroad to repair any defect not being repaired within a reasonable time after notifying the AEC (now the Port by assignment), and the Port shall pay for the cost of such repairs.

If the Port has been notified or is notified in the future by either railroad of its intention to repair any defect, TCRY will accommodate the railroad making the repair.

Thank you for your time, and for your attention to this matter. Please direct further correspondence to the counsel identified above.

Kind Regards,

KSB LITIGATION, P.S.



WILLIAM C. SCHROEDER

Heffner, John D.

From: Randall, Chris M <Christopher.M.Randall@bnsf.com>
Sent: Friday, November 30, 2018
To: Stuart DeZemmer
Subject: FW: Yakima River Bridge

ATTACHMENT 15

Follow Up Flag: Follow up
Flag Status: Flagged

FYI

This message may be confidential and should be read or retained only by the intended recipient. If you have received this transmission in error, please immediately notify the sender by replying to this message and delete it from your system.

Chris Randall
BNSF Shortline Development
817-352-6132 (Office)
817-313-6415 (Cell)

From: Jose Romero <jose@tcry.com>
Date: November 29, 2018 at 10:02:28 PST
To: "Bocchi, Brian" <brian.bocchi@bnsf.com>, "Dustin M. Disney" <dmdisney@up.com>
Cc: Lisa Anderson <lisaanderson@tcry.com>, "Roper, Bruce (FRA)" <bruce.roper@dot.gov>, <michael.pirato@dot.gov>
Subject: Yakima River Bridge

EXTERNAL EMAIL

Brian/Dustin,

Yakima River Bridge will be out of service on December 5th, 6th and 7th for maintenance.

Thank you,



Jose Romero, Supervisor of Operations
Tri-City Railroad Company, TCRY.com
Jose@TCRY.com, PO Box 1700, Richland, WA 99352
Cell 509.727.8957 | Fax 509.371.0901

Heffner, John D.

ATTACHMENT 16

From: Randall, Chris M <Christoph
Sent: Monday, December 31, 2018 11:42 AM
To: David Billetdeaux
Subject: RE: Yakima River Bridge tie replacement

As you probably know, the project has been postponed.

This message may be confidential and should be read or retained only by the intended recipient. If you have received this transmission in error, please immediately notify the sender by replying to this message and delete it from your system.

Chris Randall
BNSF Shortline Development
817-352-6132 (Office)
817-313-6415 (Cell)

From: David Billetdeaux [<mailto:david@portofbenton.com>]
Sent: Wednesday, December 26, 2018 1:26 PM
To: Lisa Anderson <lisa@tcry.com>; Jose Romero <Jose@tcry.com>
Cc: Roper, Bruce (FRA) <bruce.roper@dot.gov>; Randall, Chris M <Christopher.Randall@BNSF.com>; Justin Barager <jbarager@up.com>
Subject: Yakima River Bridge tie replacement

EXTERNAL EMAIL

The Port has been informed that TCRY intends to begin the next stage of work on the Yakima River Bridge (replacing thirty more ties) on January 2, 2019 and finishing on January 7, 2019. Additionally, TCRY agreed to replace an additional 24 ties in February of 2019 (dates to be determined). TCRY agreed via email to replace a total of 54 ties for \$45,000.

We have received word from BNSF that these outages are starting without enough notice for the shippers to make alternate arrangements. The Port, in consultation with John Haakenson and Roger Wright, believe that these outages should be broken up into multiple 2 or 3 day outages, done on Friday-Sunday periods throughout January and completed prior to January 31, 2019. This schedule would allow the shippers time to schedule around the impacted dates while still accomplishing the ultimate safety goal verbalized by both the FRA through Bruce Roper and RailStar Engineering through Ken Kirschling.

Based on your verbal confirmation that a plan would be provided to the Port and to Mr. Roper of the FRA via the telephone call on December 19, 2018, the Port is awaiting a scope of work that we assume will be provided to us from RailStar. Our engineers are eager to review this scope of work to ensure that the ties being replaced are the correct ties that will clear the defects on the Bridge.

Finally, the Port is unable to send a check for \$45,000 in one lump sum. As TCRY is aware, the Port is a public agency and has certain non-negotiable requirements that must be met. Though the Port cannot send a lump sum payment for the full amount of the contract, the Port is able to send an upfront check for a mobilization cost of \$10,000. TCRY will then be required to send invoices to the Port that will be reimbursed after work is accomplished and reasonable inspections are completed. TCRY will have to comply with all of the normal requirements that a project of this sort entails. For instance, Public works contracts require that each contractor on the project file a Statement of Intent to Pay Prevailing Wages (Intent) and Affidavit of Wages Paid (Affidavit) form, and the Port will hold retainage until TCRY has demonstrated that all prevailing wages have been properly paid. Further, TCRY would need to ensure that they are properly on the small works roster and have provided the necessary proof of insurance.

Please confirm that these conditions are acceptable by this Friday, December 28, 2019 at noon. If TCRY will not meet these conditions, the Port will have to explore alternate options to ensure bridge safety is maintained.

David J. Billetdeaux | Port of Benton, Attorney

3250 Port of Benton Blvd. | Richland, WA 99354

509. 375. 3060 | Office

509. 375. 5287 | Fax

509. 460. 0574 | Mobile

Email: david@portofbenton.com

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ATTACHMENT 17

August 30, 2018

Henningsen Cold Storage Co.
c/o Bill Friend
2025 Saint Street
Richland, WA 99354
Email: bill.friend@henningsen.com

Preferred Freezer
c/o Burnie Taylor
2800 Polar Way
Richland, WA 99354
Btaylor@preferredfreezer.com

Lamb Weston
c/o Rick Rose
8701 W. Gage Blvd.
Kennewick, WA, 99336
rick.rose@lambweston.com

Corr Cronin LLP
c/o Kevin C. Baumgardner
1001 Fourth Avenue, Suite 3900
Seattle, WA 98154
kbaumgardner@corrcronin.com

City of Richland
c/o Heather Kintzley
505 Swift Blvd., MS-07
Richland, WA 99352
hkintzley@CI.RICHLAND.WA.US

Central Washington Corn Processors
c/o Dennis Kylo
3334 Logston Blvd
Richland, WA 99354
dennisk@cwcorn.com

Re: Yakima River Bridge Outage

To all concerned Parties:

The Port of Benton (the "Port") was notified on August 29, 2018 that Tri-City Railroad Company, LLC ("TCRY") will be taking the Yakima River Bridge ("Bridge") out of service for maintenance from September 12-14, 2018. Please see the attached email received by the Port.

For several months, the Port has been asking TCry to provide their site-specific plan for any Bridge work, a Bridge Safety Management Program as required by the Federal Railroad Administration, as well as dates and times for the planned work and a detailed explanation of any outages of service. They have not provided any of those documents or details to the Port. Yesterday's notice was the first, and only, bit of information regarding the Bridge work that we have received from TCry.

While contemplating our legal options, the Port wanted to notify you of this outage for two main reasons. One, if the closure does occur as stated by TCry, the Port wishes to give you as much advance notice as we possibly can so that your company can take actions to minimize detrimental impacts. Two, the Port would like to know what, if any, detrimental impacts your company is likely to incur due to such a closure.

Please provide letters to the Port by end of business on September 5, 2018 detailing the specific impacts, if any, such a closure would have on your company so that the Port will have all the information necessary to make an informed decision on how best to proceed.

Best regards,



DAVID J. BILLETDEAUX
Port In-House Counsel

Enclosures: 8-29-2018 Email from TCRY
8-30-2018 Clarification Email



Christopher M. Randall
Director
Shortline Development

BNSF Railway Company
P.O. Box 981038
Fort Worth, TX 76161-0038
2500 Lou Menk Drive
Fort Worth, TX 76131-2828
Telephone: 817-352-6132
Fax: 817-352-7154
Email: Chris.Randall@BNSF.com

December 21, 2018

Lisa Anderson
Tri-City Railroad Company
10 North Washington Street
Kennewick, WA 99336

Dear Lisa:

BNSF received notice of a financial dispute between Tri-City Railroad Company (TCRY) and Preferred Freezer Services. The notice suggested that because of this dispute, "further use of your [BNSF] railcars at this location requires cash payment in advance".

This appears to be a dispute solely between TCRY and Preferred Freezer and should not impede services provided by BNSF. Further, we know of no legal basis for the imposition of such a fee on a railcar owner. As a result, BNSF does not intend to pay the fee and plans to continue providing the rail service Preferred Freezer expects of BNSF.

Please contact me if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Randall", written in a cursive style.

cc. Brian Bocchi
Theresa Lorinser
Preferred Freezer Services



PO Box 6000 10 N. Washington Street Kennewick Washington 99336

NOTICE
REFRIGERATED RAILCAR OWNERS
December 18, 2018

STENCILED MARK: BNSF

Your company has been identified as the stenciled mark owner of the equipment referenced above used to transport product to and from the following location:

Preferred Freezer Services, 2800 Polar Drive, Richland, WA

TCRY has extended credit to the shipper, Lamb Weston, since February 01, 2018. Lamb Weston has used your railcars for shipping its products from this location during this period.

Due to lack of payment from Lamb Weston to Tri City Railroad for services provided at this location using your railcars, further use of your railcars at this location requires cash payment in advance.

You are provided this notice as owner of railcars used at this location.

Effective January 1, 2019 cash payment of two hundred ninety five dollars (\$295) per railcar is required.

If you have payment related questions, please contact Lisa Anderson at (360) 239-9067.

END



MISCELLANEOUS CHARGES Supplement 3 Effective January 1, 2019

Railroads Operating Over TCRY Track With or Without Track Agreements

Item 100 - Rules of Operation

Occupancy of tracks controlled by TCRY will be governed by the current Timetable and Special Instructions issued by TCRY.

All crews operating trains and/or on-track vehicles and machines on TCRY controlled trackage must have a current copy of the Timetable and Special Instructions in their possession and be familiar with all current General Orders and Notices issued by TCRY.

TCRY has the exclusive right to control the days, as well as the times of the day, that foreign line railroads may have access to its tracks.

Item 200 - Foreign Line Operating on TCRY

All railroads operating over TCRY tracks must negotiate a standard trackage rights agreement with TCRY.

The agreement will address liability and access, as well as fees and charges to be assessed by TCRY used by the carrier seeking trackage rights.

Charges will be assessed on all cars and locomotives whether handled by TCRY or directly by a carrier with trackage rights or, by a carrier claiming to have trackage rights.

All foreign line carriers moving freight cars and / or locomotives over TCRY trackage directly in accordance with the TCRY standard trackage rights agreement will be assessed a minimum charge of Three Hundred Fifty Dollars (\$350.00) per car or locomotive.

All foreign line carriers moving freight cars and / or locomotives over TCRY trackage directly without having a current and signed TCRY standard trackage rights agreement will be assessed a minimum charge of Six Hundred Dollars (\$600.00) per car or locomotive.

Failure to pay these charges in accordance with TCRY payment terms will, at the sole option of TCRY, result in the delinquent foreign railroad being prohibited from operating over TCRY trackage until charges are paid.

Item 300 - General Application

- A. TCRY shall mean TRI-CITY RAILROAD COMPANY, LLC
- B. For the purpose of this Supplement 3, TCRY trackage shall mean the following:
 - 1. All trackage located at 3334 Logston Blvd in Richland, WA, referred to as the NPD Loop Track.
 - 2. All trackage located at 2800 Polar Way in Richland, WA.

C. Contact for TCRY is: TCRY attention Tariff Department, PO Box 6000, Kennewick, WA 99336, telephone 509-371-8313 or 360-239-9067.

D. TCRY Rules, Tariffs and Accessorial Charges apply when cars are on the TCRY.

E. A rail carrier who fails to submit a train consist to TCRY via service@tcry.com prior to entry of any train onto the TCRY trackage shall be required to remit One Hundred Dollars (\$250) per car to TCRY.

F. A rail carrier who fails to submit a train consist to TCRY via service@tcry.com prior to exit of any train from the TCRY trackage shall be required to remit One Hundred Dollars (\$100) per car to TCRY.

G. A rail carrier who, in the sole opinion of TCRY, causes an emergency call out by TCRY personnel shall be required to remit One Thousand Dollars (\$1,000) per occurrence to TCRY.

H. All costs incurred by TCRY for collection of past due amounts owed TCRY in accordance with this Supplement 3, will be owed in addition to all amounts subject to collection. This includes, attorney fees, court costs, etc.

END



ATTACHMENT 21

Memo

Date: Friday, January 25, 2019

Project: Port of Benton – Rail Rehab Project

To: Scott D. Keller (Port of Benton)

From: Paul J. Weber (HDR)

Subject: Bridge 44.4 – January 2019 - Structural Bridge Tie Replacement Inspection

1.0 Introduction

As related to the FRA defect and violation on Yakima River Bridge – as reported on inspection report of May 15, 2018 (see Appendix 1) – HDR was asked to make an inspection of the additional remedial work performed by Tri-Cities Railroad (TCRY) on January 11, 2019 through January 13, 2019.

Some initial minor repairs were performed by TCry shortly after the defect was reported. Those repairs did not include tie replacement. HDR evaluated the initial minor repairs and reported on them in a previous memo. Dated August 28, 2018.

TCRY made a “second pass” at remedial bridge repairs from December 5, 2018 through December 7, 2018. At that time, they replaced six (6) existing structural ties with new structural ties. HDR evaluated these repairs on December 10, 2018 and reported on them in a previous memo. Dated December 14, 2018.

During the latest work event (subject of this memo), TCry installed twenty two (22) additional structural ties into the bridge for a total of twenty eight (28) new structural ties into the defect area during the two work events. The port requested that HDR evaluate the adequacy and quality of the repairs. This inspection was performed on January 15, 2019.

2.0 General Activities

Alex Anderson (HDR) met with John Haakenson (Port of Benton) on site on Tuesday 1/15/2019.

Alex arrived on site at 1330 hours.

John was already on site and had authority from TCry to occupy the bridge. John mentioned that he had counted 28 structural ties (counting the 6 previously inserted structural ties). John also said he did not know if TCry had planned on doing more work in the future or not. Alex and John inspected the bridge and documented what they observed. TCry was not present at the inspection.

Alex and John reported clear of the tracks at 1430 hours and Alex then returned to Spokane.



3.0 Observations

It is assumed that the work was considered by TCRY to be continued temporary urgent repairs to eliminate the defect only and not necessarily to restore the bridge to conditions consistent with Class 3 track. It is unknown to HDR if the apparent slow order or excepted track status was removed or modified following the repairs.

It is the opinion of HDR that the remedial work was performed in a satisfactory manner **except as noted in the last portion of this section.**

The FRA had stated in their report, "CROSSTIES NOT EFFECTIVELY DISTRIBUTED TO SUPPORT A-39 FOOT SEGMENT OF TRACK. Bridge B44.4: Section 3, Span 2, Panels 3-7. Defective load bearing structural bridge ties."

We noted that the 1st, 3rd, 5th, 6th, 9th and 12th ties in Section 3, Span 2, Panel 2 were replaced during this last work event.

We noted that the 1st, 3rd, 4th, 5th and 8th ties in Section 3, Span 2, Panel 3 were replaced during this last work event.

We noted that the 3rd, 4th, 7th, 9th, 10th, and 11th ties in Section 3, Span 2, Panel 4 were during this last work event. The 12th tie was replaced in the "first work" tie replacement event in December.

We noted that the 8th and 11th ties in Section 3, Span 2, Panel 5 were replaced during this last work event. The 1st, 3rd, 6th, 9th and 12th were replaced in the "first work" in December.

We noted that the 1st, 4th and 7th ties in Section 3, Span 2, Panel 6 were replaced during this last work event.

This left only panel 7 not touched from the panels mentioned in the FRA defect report.

See diagram of these ties below.

(As a note, a 39-foot segment south of the seventh tie in panel six, there are a number of ties rated four, a few rated three and a few rated 5.)

	Section 3						
	Span 2						
Panel 7	Panel 1	Panel 2	Panel 3	Panel 4	Panel 5	Panel 6	Panel 7
4	4	1	1	3	1	1	5
5	5	5	5	4	4	4	4
4	5	1	1	1	1	4	5
4	5	5	1	1	4	1	4
4	4	1	1	5	5	4	4
4	4	1	5	4	1	5	4
5	4	5	5	1	5	1	4
4	5	4	1	4	1	4	4
4	4	1	3	1	1	4	5
4	3	5	4	1	5	3	
4	4	5	3	1	1	3	4
4	4	1	3	1	1	3	5
4	5						
	5						4
		FRA Defect Area					
		Replaced ties from first work					
		Poly'd tie					
		Replaced in most recent work					
		Marked with an "X" but not replaced					

As noted in the above diagram, some of the (remaining existing) ties were found marked with an "X" on them. It is unclear to HDR what the meaning of the markings are, but possibly they are related to future additional replacement. It is also not clear to HDR;

- how the replaced ties were chosen to be changed in this event.
- the current designated Class of Track or designated track speed following the event.
- if the TCRY plans to come back and replace more ties.

It was noted that some of the (crosstie) spacer timber bolts were replaced with new ones, while some of the old ones were reinstalled. Some of the crosstie spacer timber bolts on existing ties were replaced as well (Picture 1). During this last work event all of the hook (or J) bolts were replaced with new ones (Picture 2). (While hook bolts and J bolts are not identical they can and do perform the same function on a steel open deck bridge – however they don't necessarily perform equally in all situations.) The work performed in this event included installing J bolts in the 6 ties replaced in December 2018. Again, the structural ties used were not dapped. The use of un-dapped ties can negatively affect the performance of the J bolts. (J bolts in this situation can rotate and the end of the bolt can lose contact with the beam.) (Picture 3) As a note, we don't believe any field preservative treatments or epoxy were used in the performance of the work. It appeared that tie plugging material (polyurethane) was again used in the work (related to track cut spikes) – although that is uncertain due to the amount of recent work events. There was evidence that holes were drilled in the new ties for the J bolt and spacer

timber bolts. HDR is still uncertain what type of fasteners (possibly pins, drive spikes) are being used to connect the spacer timbers to the cross ties not equipped with J bolts



Picture 1 showing an old tie with a new crosstie spacer bolt installed.



Picture 2 of a new J bolt installed, viewed from the bottom of the tie.



Picture 3 of a J bolt beginning to rotate out of position.

HDR also noted that the gauge through the affected area averaged to be 56 ¼ inches.

HDR observed that many of the existing ties between new ties were either bearing the load of the rail, or were close. Shimming should have been provided on some of the ties to help transfer some of the load from the rail to the old cross ties, but was not completed. As installed, the majority of the load is born by only the new ties. This overloads the ties and decreases their life, as well as not uniformly loading the bridge members.



Picture 4 showing an existing tie that is next to a new tie. Although this may take some load of the rail, it is not taking the full designed load.

HDR did find one Load Bearing Defect (LBD) (FRA Part 213 - 0123B) on the bridge within the tie replacement area. An LBD is a situation where the load of the rail is transferred to a foreign object or a portion of track material not designed for that loading. This LBD was found on the east rail of Tie 5 of Panel 5 of Span 2 in Section 3 (Picture 5). The rail is over the shoulder of the tie plate. Note that the spikes are new, so this tie had been addressed / effected in either the December 2018 or January 2019 repairs.



Picture 5 showing the Load Bearing Defect found on the bridge.

In Summary, HDR believes:

- The ties that were replaced were installed essentially correctly
- The ties that were replaced in December 2018 are now installed essentially correctly
- The number of ties replaced may be sufficient to eliminate the FRA defect
- The Load Bearing Defect should be repaired



- Some of the existing ties should be shimmed to help alleviate the load on the new ties, thus extending the life of the new ties and rail

4.0 Appendices

1. BR 44.4 FRA Structural Defect Report 5-15-18