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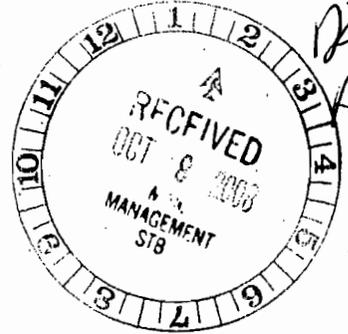
Puget Sound & Pacific

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DAW
AB1023



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Hoquiam, WA 98550
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September 26, 2008

Louis E. Gitomer
Law Offices of Louis E. Gitomer
600 Baltimore Avenue, Suite 301
Townsend, MD 21204

RE: Puget Sound & Pacific Railroad Abandonment

Dear Mr. Gitomer:

On September 15, 2008 the City of Hoquiam received a letter dated September 12, 2008 from you along with the combined Environmental and Historic Report regarding PSAP's intent to abandon a major portion of the Horn Spur and the rail bridge which has served Hoquiam Plywood for decades.

In your letter, you state that if any of the information is "misleading or in correct, if you believe that pertinent information is missing, or if your have any questions..." to contact the Surface Transportation Board.

The City has many questions and we do believe there is misleading information detailed below and therefore we are sending this letter to the STP.

First, on page 3 in the environmental report it states that letters were mailed to the City of Hoquiam and other impacted agencies and no comments have been received. This statement is completely misleading. The report is dated September 12, 2008 as is the letter sent to the City. Both documents were received by the City after the reports were written and therefore the City of Hoquiam or any other agency for that matter had no opportunity to comment on the report prior to it being written.

On page 2 of the report, it states "PSAP will work with the City of Hoquiam to restore the street." There are 12 public road crossings, and several blocks of City street impacted by this rail line where the tracks run right down the centerline of Polk Street. To date, the City has not received any communication from PSAP exactly how or when the streets would be restored if abandoned. We are unclear what PSAP means by working with the City. Our assumption and expectation under the law is that PSAP would be required to fully restore the street with pavement in accordance with City of Hoquiam road standards once the track is removed. Is this the intention of PSAP and if so, what is your expected timeline?

Also on page 2, the report references that on February 28, 2008 PSAP embargoed the road and stopped providing service due to maintenance problems. In my opinion, PSAP has failed to properly maintain the Horn Spur since its acquisition which is why the track and abutting roadway has deteriorated to such a poor

condition. Homeowners who live along Polk Street deal with horrible street crossings, due to broken pavement, raised planks and uneven track because of the lack of rail maintenance. It is imperative that PSAP addresses these safety concerns now and during the abandonment process.

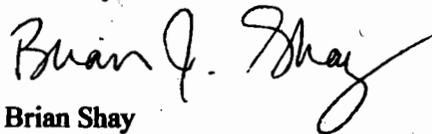
On page 1, the report references how Hoquiam Plywood is now transloading their products in Aberdeen since the tracks were embargoed. This has cost the company approximately \$250,000 more per year which is a significant burden on Hoquiam Plywood and its hardworking employee owners. This company has been in our community for many years and the loss of the rail, could ultimately force them and their 128 employees out of business.

On page 3, the report states that "PSAP considers the proposed abandonment to be consistent with existing land use plans." This is misleading and incorrect. The City's adopted plans and zoning code show the Hoquiam Plywood property served by the track as zoned industrial. This is the common zoning for property served by rail. Nothing in our comprehensive planning includes abandonment of the Horn Spur.

On page 12, the report reads "PSAP believes that the bridges and structures on the Line are not unusual or noteworthy for inclusion on the National Historic Register of Historic Places." This rail line has been in service for over 100 years since 1892. To me, this qualifies as historic. The report also indicates that PSAP does not intend to remove the rail bridge. If PSAP removes the track, they should be required to remove the rail bridge. The City of Hoquiam and our community should not be burdened with a deteriorating rail bridge without rail service.

While the City of Hoquiam understands that PSAP has a decision to make regarding the long term financial feasibility of the Horn Spur, accurate information about the history, the abandonment process, and future restoration plans are necessary to determine a course of action moving forward.

Sincerely,



Brian Shay
City Administrator

cc. Jack Durney, Mayor
Steve Johnson, City Attorney
Richard Blackmon, Hoquiam Plywood
Surface Transportation Board