

# Memorandum

To: Yakima City Council  
Interim City Manager, Jeff Cutter

From: Sean Hawkins, Economic Development Manager

Date: April 3, 2016

Subject: Status of Yakima Valley Trolleys

## **The Trolley Today**

The time may have arrived to decide the fate of the last remaining section of the Yakima Valley Trolley system. While there is general community support for the nostalgic and historical attraction of the Yakima Valley Trolley system, the remaining trolley infrastructure is deteriorating so quickly that a decision must be made to either invest in its upgrade or close down the system.

Since 1956, there have been no extensive track upgrades made to the Yakima to Selah line, the only section of track remaining from the original Yakima Valley Transportation Company system. Trolley Car 1776, the main car used today for tours, has had no major repairs or upgrades made to its electric engine system since 1976. Additionally, 6<sup>th</sup> Avenue from Chestnut Avenue to its northern terminus is in poor shape in part due to the presence of the trolley tracks running down its center and poses liability issues for the City related to damage to vehicles and challenges for businesses who use the road for their operations. Washington Fruit, Quanex and Stewart Subaru are three business who have shared concerns with City officials about doing business along that section of 6<sup>th</sup> Avenue given its poor condition.

The Yakima City Council assisted with some of the maintenance backlog of the Yakima to Selah trolley line by including a \$100,000 repair line item in the 2014 City of Yakima budget. As a result of that investment, restroom repair, HVAC upgrades and paint work have taken place in both the Trolley Barn and the museum. The largest improvement, at a cost of \$83,000, will be paving the Trolley Barn/museum parking lot and installing new lighting, both of which will be completed this spring. These improvements will exhaust the \$100,000 included in the 2014 City Council budget.

It is very important to note that we would not be discussing the trolley system today without the longtime City partnership with Yakima Valley Trolleys. This volunteer group has given thousands of hours to keep the trolley system alive in the City of Yakima.

## **Potential Revenue from Yakima Valley Trolleys**

The largest challenge for the trolley system is that normal operations do not produce enough revenue from rider fees to pay off any potential debt that would have to be incurred in order to upgrade trolley infrastructure. Were a decision made to invest resources in order to refurbish the trolley system, it would require a full understanding that the trolley system would become a loss leader for the City. This means that the benefit of having a trolley system in the future in Yakima could produce other benefits for the community, such as tourism, community pride, neighborhood revitalization and historic preservation, but would not generate revenue sufficient to retire any debt issued to fund refurbishment efforts.

Attached to this memo are income statements prepared by Yakima Valley Trolleys for the years 2013-2015. While there were operating challenges in each of those years (Davis High School construction, for example), the organization generated between \$20,000 and \$22,000 in revenue. In each of those years, trolley service was interrupted to Selah and resulted in lower than expected revenues.

Also attached is a pro forma prepared by Yakima Valley Trolleys regarding annual operations, which is based on a fully operating line between Yakima and Selah. The projected \$39,000 in annual operating income assumes annual ridership of 2,300 people throughout a 26-week operating season with admission fees set at \$12 for adults and \$8 for children. Additional revenue could also be generated by hosting trolley charters for groups and conducting private parties in the Trolley Barn. The Yakima Valley Trolley board estimates charters and private parties could add \$6,000 in annual income. While the board is considering adding \$18,000 in annual expenses to pay the salary of a part-time executive director, the attached pro forma assumes that all staff labor would be provided on a volunteer basis at no cost.

## **Expense to Replace and Update Trolley Line to Selah and Repair Train Cars**

As previously noted, the only remaining section of track left in the Yakima Valley Trolley system is the line that links Yakima to Selah through Selah Gap. The section of that line that needs to be improved runs 21,000 feet, or nearly four miles in length. Cost estimates to improve that section of track have been prepared by Yakima Valley Trolleys board members, but have not been verified either independently or by City of Yakima engineering staff. If requested by the City Council, the City of Yakima engineering staff could prepare a comprehensive cost estimate regarding replacing the trolley line and repairing two trolley cars. Additionally, City of Yakima engineering staff could prepare a prioritization of repair needs schedule for consideration by the City Council if directed to do so.

Yakima Valley Trolleys estimates the cost to repair the entire Selah line at \$7,800,402. This would include brand new track infrastructure and a rebuild of the overhead contact system. Construction work and materials specified for infrastructure improvements would result in a railroad line capable of reliable weekly, and possibly daily, operation with regular light maintenance.

While repairing the track is a major need, without restoring the two trolley cars, Yakima Valley Trolleys could find itself in a situation of having no cars to run the tracks. Yakima Valley Trolleys is recommending a complete restoration of Car 1776 at an estimated cost of \$750,000, including new motors, a new compressor, electrical work, metal underframe refurbishment, new wheels and refurbished wood car body. Additionally, Car 1976 is in need of partial restoration at an estimated cost of \$300,000. The work needed for Car 1976 includes repair of underframe motors, compressor repair, electrical work, and complete restoration of the car's seats.

The estimated cost to complete all necessary repairs to the Yakima to Selah line and to the two trolley cars is \$8,850,402.