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Subject: Request to Evaluate and Revise the "30 mile" Screening Criterion for the Proposed BNSF Intermodal Facility

### Request

I request that the USACE and EPA:

1. Carefully evaluate and reconsider the unrealistically low screening criterion for evaluating alternative development areas for the proposed BNSF Intermodal: "Must be within approximately 30 miles of Argentine Yard to provide efficient service to existing IMF customers".
2. In the evaluation, and in all other analyses contained in the EA, the USACE and EPA should recognize that the planned market area of this proposed BNSF intermodal railyard is not the Kansas City area as implied in the draft EA, but is hundreds of times larger.

As defined by Skip Kalb, Director of Strategic Development of the BNSF Railway Company the market area for the BNSF Logistics Park has a radius of 500 miles, thereby encompassing over 1.75 million square miles. (September 27, 2007 presentation by Skip Kalb to the Johnson County Board of County Commissioners. An audio recording has previously been provided to the USACE).

3. Conduct independent economic analyses to determine the impact on BNSF of extending the allowable distance criterion from the Argentine Yard up to at least 50 miles, the distance from the BNSF intermodal facility in Elwood IL to Chicago.
4. Conduct an analysis to project the marginal economic and other costs to the public of maintaining the 30 mile distance criterion and locating the intermodal facility in Johnson County vs. locating it at one of the alternative development areas outside of the metropolitan area which the draft EA determined met the other screening criteria. Consider all factors relevant to costs identified in the draft EA, and by organizations and individuals that commented on the EA, including but not limited to the following:
  - a. Maximum possible capacity of the intermodal railyard, assuming new interchanges are in place, all land is acquired, and the facility is built out to the 1300 acres originally planned, the most advanced logistics processes and technologies are implemented, and the facility and equipment is upgraded to its maximum capacity.

- b. Impacts of heavy diesel truck and other vehicular traffic directly and indirectly generated by the intermodal facility;
  - c. Capital and pavement and other maintenance cost of public roads and highways;
  - d. Impacts of the likely shortfall in road construction and maintenance funds, since marginal fuel tax revenues will be insufficient to pay for construction and maintenance required to support the newly generated heavy diesel truck traffic;
  - e. Congestion costs on the public, based on FHWA standards;
  - f. Costs of traffic accidents, injury, and deaths caused by increasing the number of heavy diesel trucks on metropolitan area roads.
  - g. Air pollution costs of the modal shift from rail to truck that will take place at the facility using a standard methodology, such as in "Monetary Cost of a Modal Shift", previously provided to the USACE;
  - h. Air pollution and other costs of newly generated diesel truck trips from on-site and off-site warehousing generated by the intermodal railyard;
  - i. Costs of mitigation after Johnson County is designated in nonattainment for Ozone, recommended for 2010 (Source: MARC comments to the USACE).
  - j. Value of the permanent destruction of wetlands and natural habitat by the construction and operation of the intermodal railyard and adjacent and other warehousing likely to be generated by the intermodal railyard. Take into account projections by Kansas City area business analysts of the amount of warehousing likely to be generated;
  - k. Cost of contamination of drinking water in the Hillsdale Lake, including treatment costs, and impact on the public if the water supply is degraded. Include consideration of the impact of a 5" inch rain on this site, and the diesel fuel, antifreeze, salt, and other contaminants likely to be washed into Hillsdale lake unless storm water treatment is provided;
  - l. Environmental risk to the watershed;
  - m. Reduction in property values caused by increased train and truck traffic. (Source: "The Effect of Freight Railroad Tracks and Train Activity on Residential Property Values", previously provided to the USACE)
  - n. Public safety costs;
  - o. Health impacts and costs;
5. If the economic impact on BNSF of revising the distance criterion to 50 miles or greater is less than or close to the cost to the public of using the 30 mile criterion and siting the project in Johnson County, revise to criterion to 50 miles or more, and re-evaluate the alternative development areas using the revised criterion.
  6. Since this intermodal project is not water dependent, first consider an appropriate alternative that does not impact wetlands, and select that alternative if it meets the screening criteria.

## Background

1. The EA does not provide a reasonable justification for the 30 mile distance criterion. The authors of the EA state only:

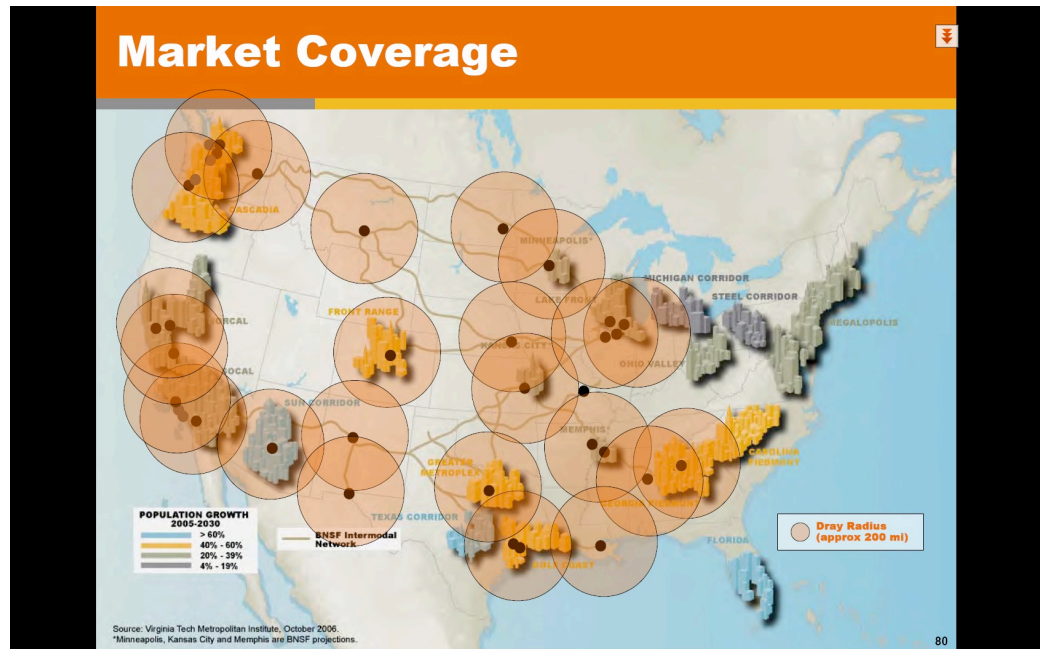
“Based on the Applicant’s experience with other intermodal projects and on an evaluation of the nature of the Kansas City market and the Applicant’s customers in that market, the Applicant has determined that its business purpose for the project would not be met if a new intermodal facility were located more than approximately 30 miles from Argentine Yard. This distance criterion from the Applicant’s Argentine Yard reflects the reality that drayage distances and costs increase the farther away an intermodal site is from the Kansas City metropolitan area and from existing intermodal customers (Cunningham Verified Statement, 2008).”

2. This distance criterion is inconsistent with public statements by BNSF representatives, who have made it clear that the market area of the proposed BNSF Intermodal is not the Kansas City area, and that the actual market area radius (aka drayage distance) of the proposed intermodal is 500 miles.

- a. On September 27, 2007, Skip Kalb told the Johnson County Board of County Commissioners that trucks will travel up to 500 miles from the Intermodal Railyard and that they had already closed one intermodal railyard because of that fact, “We closed our Oklahoma City intermodal two years ago because Oklahoma City is within 500 mile radius of Kansas City or Dallas (Intermodal Railyards), so we can serve from either city (by truck)” (audio file previously submitted to the USACE).

Put another way, the market area of the proposed Johnson County intermodal facility has a diameter of 1000 miles, and encompasses over 750,000 square miles.

- b. BNSF, in its current presentations at industry events, states that the “dray radius” for all of their current major intermodal facilities (including the Argentine intermodal) is approximately 200 miles. (Source: [BNSF Presentation to AgTC Conference](#), June 5, 2009)



- C. The difference between the market area of the current Kansas City intermodal and the proposed Johnson County intermodal lends credence to Skip Kalb's statement to the Kansas City Star on December 7, 2006 that "It's a major impact, not just for Kansas City but globally," Kalb said. "It will be one of the largest in the world." ("A Transportation Hub – Intermodal Centers", Kansas City Star", previously provided to the USACE)
3. Given a market area with a radius of 500 miles in each direction, and a geographic area of over 750,000 square miles, moving the railyard as much as 20 miles to the west would have negligible effect on drayage distance for its customers.
  4. New and existing BNSF Intermodal facilities and the intermodal facilities of other railroads are often 50 miles or further from major metropolitan areas. Examples:

**BUILT AND OPERATING:**

BNSF ... Alliance, TX 40 miles from Dallas, TX  
 UP ... Rochelle, IL 80 miles from Chicago, IL  
 BNSF ... Elwood, IL 50 miles from Chicago, IL  
 CSX ... Chambersburg, PA 60 miles from Harrisburg, PA  
 NS ... Titusville, FL 40 miles from Orlando, FL

**UNDER CONSTRUCTION:**

CSX ... North Baltimore, OH 40 miles from Toledo, OH, 100 miles from Detroit, MI  
 UP ... Elwood, IL 50 miles from Chicago, IL  
 NS ... Ayer, MA 35 miles from Boston, MA

**PLANNED, ANNOUNCED BUT NOT YET UNDER CONSTRUCTION:**

CSX ... Winter Haven, FL 50 miles from Orlando, FL, 50 miles from Tampa, FL  
 NS ... Piperton, TN 35 miles from Memphis, TN  
 CSX - UP ... Crete, IL 40 miles from Chicago, IL  
 CSX ... Seneca, IL 70 miles from Chicago, IL

5. There appears to be no analysis whatsoever in the EA of the identity or location of the prospective intermodal customers, the size of the market area, or the planned drayage distance for this intermodal. Nor is there any evaluation of elasticity of demand. A few factors that should be considered:

- a. Moving the site west 20 miles further than the arbitrary 30 mile limit from the Argentine site will increase distance to only a portion of BNSF customers by 20 miles – those customers more or less due east.
- b. Moving the facility 20 miles west would shorten the trip for customers to the west and the travel distance of those to the south or north will be less affected.
- c. A 20 mile distance is likely to be of little significance to customers 200 or 500 miles away.
- d. Because highway congestion will be less in areas further west than in congested Johnson County, trucks will be able to enter and exit the highway more quickly than would be the case in Johnson County, saving time for all shippers.
- e. The calculation of elasticity of demand for those customers who will have to travel an additional 20 miles should address such questions as:
  - i. What is the distribution and what are the characteristics of BNSF's current and prospective customers for the new Intermodal facility? What volume of containers does BNSF expect to move through the facility, and to where? How many truck trips will there be, and what will be their distribution over time and space? BNSF will have done a great deal of market research to determine this before they decided to spend over \$200 million on the railyard.
  - ii. What are customers' options for receiving a container of Chinese goods shipped in from Long Beach/LA? Where else would they pick up that container?
  - iii. Would those customers drive to Dallas, Chicago, or Memphis to pick up the container?
  - iv. Would customers choose to not buy the container if they have to drive 20 or more miles beyond the arbitrary 30 miles limit?
  - v. What would be the economic consequences to BNSF of locating 20 or more miles to the west?

With good input data regarding customer location and alternatives, this factor could be modeled. Absent modeling, common sense should prevail. It seems likely that on a scale of 750,000 square miles, locating 20 miles or more west of BNSF's preferred Johnson County location would scarcely matter.

6. The proposed mitigation for the Gardner site is not sufficient. While it replaces the physical stream length loss, it does not replace the \*functional\* instream and riparian zone habitats. If avoidance of a wetland is not doable, then there must be appropriate mitigation. The so-called "Conservation Corridor" is an oxymoron – it is a storm water conveyance system with very little habitat value.
7. At least one of the alternative development areas, Ottawa, does not impact wetlands, is close to the center of the BNSF 1000 mile diameter and 750,000 square mile market area, is closer to a

major city than the BNSF Elwood Intermodal, and almost as close as the BNSF Alliance Intermodal.

8. Additionally, since the Ottawa location is outside of a major metropolitan area, virtually all of the public costs outlined in item Number 4 above will be substantially lower, including congestion, traffic accident, and health costs.

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