

## EXECUTIVE SUMMARY

### Statement of Proposed Action

The Itasca County Regional Rail Authority (ICRRA) proposes to construct approximately 9 miles of new rail line in Itasca County, Minnesota, which would connect an existing mainline track operated by both BNSF Railway, Inc. (BNSF) and Canadian National Railway Company (CN) near Taconite, Minnesota to the Minnesota Steel Industries, LLC taconite mine and steel mill site in Nashwauk, Minnesota. On June 8, 2007, an Environmental Impact Statement (EIS) was prepared by the United States Army Corps of Engineers (USACE) and the Minnesota Department of Natural Resources (MNDNR) for the taconite mine and steel mill (MNDNR and USACE 2007). The proposed rail line was considered in the EIS as a connected action associated with the taconite mine and steel mill, but that EIS did not address specific rail line alternatives or associated environmental impacts. Therefore, the Surface Transportation Board (Board) has chosen to prepare an Environmental Assessment (EA) to support any Board decision on whether to grant or deny ICRRA the authority to construct and operate the proposed rail line.

The proposed rail line would allow shipments of steel slabs and taconite pellets to be shipped from the Minnesota Steel plant site. Minnesota Steel expects to handle 30,000 carloads, approximately three million tons, of steel slabs and taconite pellets annually. Only a small amount of material would be brought in by rail. This estimate is based on one train making single daily roundtrips, or two one-way trains per day. Each train would consist of approximately 70-90 cars.

Construction of the proposed rail line would require approximately 111 acres for the right-of-way. The estimated length of the proposed rail line is approximately 9 miles with an average right-of-way width of 100 feet. Construction of the track and rail bed would be in accordance with standards approved by the American Railway Engineering and Maintenance of Way Association (AREMA) and the U.S. Department of Transportation, Federal Railroad Administration (FRA) for Class 3 railroad operation. Construction details are provided in Chapter 2.

The track would be inspected weekly as required by FRA track safety standards. Additional inspections would be conducted as warranted by weather conditions. The short-line operator contracted by ICRRA would be required to implement a program to prevent deterioration of the track and structures consistent with industry and FRA safety standards.

On August 24, 2007, ICRRA submitted a written request to the Board for a waiver of the preparation of an EIS as required by the Board's environmental rules of 49 CFR 1105.6(a) (Appendix B, Exhibit 1). On September 6, 2007, SEA granted ICRRA a waiver from the requirement to prepare an EIS (Appendix B, Exhibit 2) indicating that, based on available information, preparation of an EA would be appropriate for this project. Information considered by SEA in making its decision included:

- The project area is lightly populated and public road crossings are not expected to be necessary, therefore public safety concerns would not be expected to be significant.
- There would be no diversion of existing freight traffic to or from other transportation systems or modes.
- The proposed action is not expected to adversely affect or conflict with existing land use plans.
- No existing natural gas or petroleum pipelines would be impacted by the proposed action.
- Any transmission lines impacted by the proposed action would be protected in accordance with industry standards.
- No significant impact to local or regional air quality would be expected.
- Few, if any, sensitive noise receptors would be impacted by the proposed action.
- It does not appear that the proposed action would have lasting, adverse impacts on surface or groundwater resources.
- There are no wildlife sanctuaries, refuges, national or state parks or forests that would be affected by the proposed action.
- The project area is not a designated critical habitat for any wildlife species.

- No known archaeological sites occur in the project area.

Burns & McDonnell, with corporate headquarters in Kansas City, Missouri, was retained by ICRRA to act as an independent third party consultant to assist SEA in the preparation of this EA. The use of third party consultants is addressed at 49 CFR 1105.4(j). Under the direction, supervision, and approval of SEA, the third party consultant is generally responsible for gathering technical data required to complete the environmental review of the proposed action. ICRRA's request for the use of a third party consultant and SEA's response approving ICRRA's selection is provided in Appendix B, Exhibits 3 and 4.

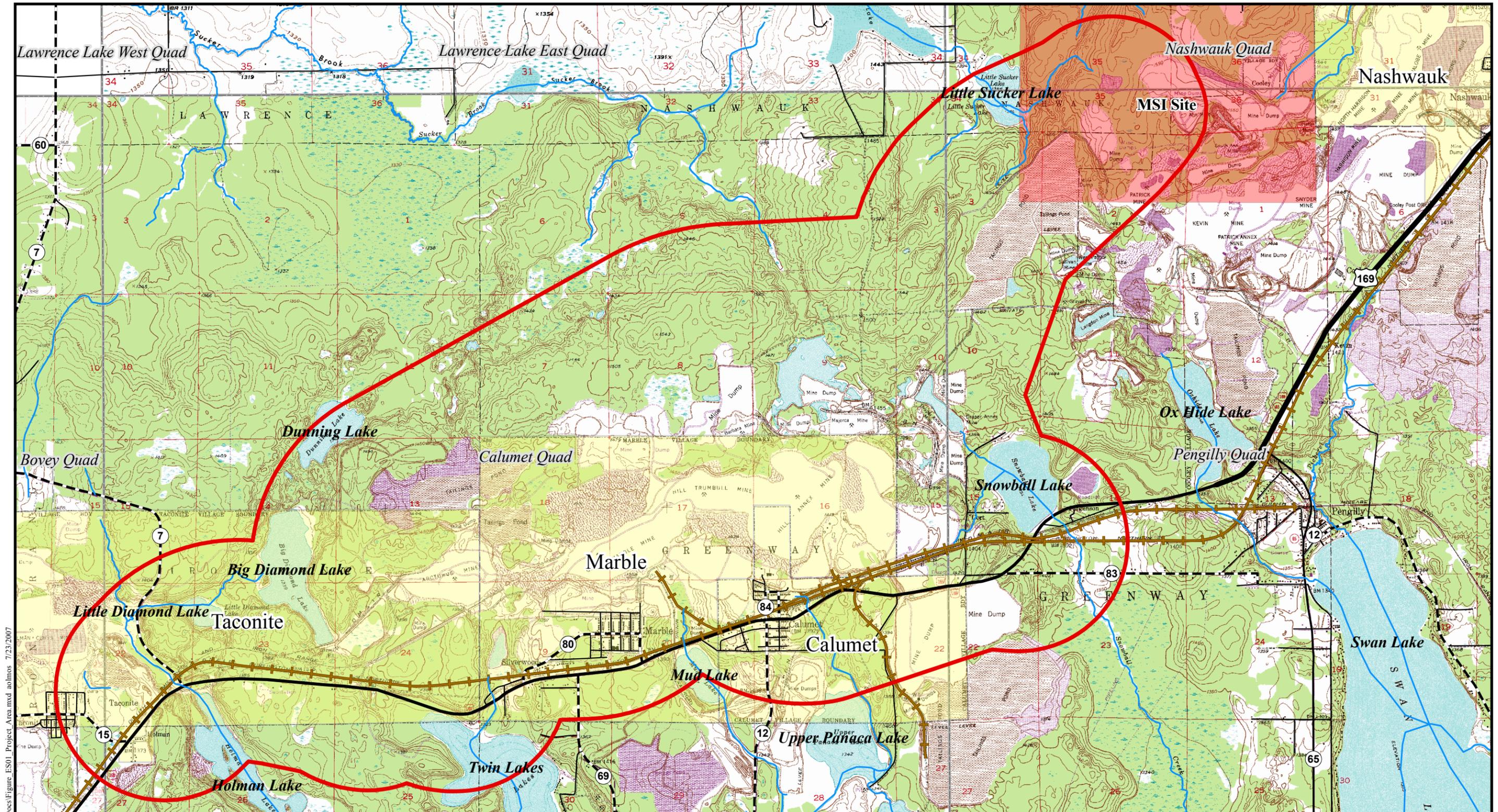
The USACE has participated as a cooperating agency in the preparation of this EA.

### **Description of the Affected Environment**

The proposed project area is located in Itasca County, Minnesota, and generally extends northeast from the town of Taconite to the town of Nashwauk (see Figure ES-1). Chapter 3 contains a detailed discussion of the affected environment.

Itasca County is in the western lake section of the Central Lowland Province of the Interior Plains. Lacustrine plains, till plains, moraines, and the Mesabi Range Formation are the primary landforms associated with Itasca County. Landforms in this area were greatly influenced by continental glaciations.

The project area has long, cold winters and short, warm summers. The average temperature is 11 degrees Fahrenheit in winter and 65 degrees Fahrenheit in summer. Precipitation averages around 26 inches annually, and is distributed fairly evenly throughout the year.



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|--|---|---|
| <p><b>LEGEND</b></p> <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; margin-right: 5px;"></span> Minnesota Steel Site Boundary</li> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: yellow; border: 1px solid black; margin-right: 5px;"></span> Municipality Areas</li> <li><span style="display: inline-block; width: 20px; height: 10px; border: 2px solid red; margin-right: 5px;"></span> Project Area Boundary</li> <li><span style="display: inline-block; width: 20px; height: 10px; border: 1px solid black; margin-right: 5px;"></span> USGS Quadrangle</li> <li><span style="display: inline-block; width: 20px; border-bottom: 2px solid black; border-left: 2px solid black; border-right: 2px solid black; margin-right: 5px;"></span> Existing Railroad</li> </ul> | <p>3,500      0      3,500</p> <p>Feet</p> <p>NORTH</p> | <p>Figure ES - 1</p> <p>Itasca County<br/>Regional Railroad Authority</p> <p>General Location Map</p> |
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Source: AMEC; Minnesota DNR - Division of Fish & Wildlife.

There are no major rivers within the project area. The Mississippi and Rainy rivers provide drainage for Itasca County, but both are located outside the project area. Several water-filled mine pits and natural lakes do occur within the project area, as well as some smaller streams and ponds.

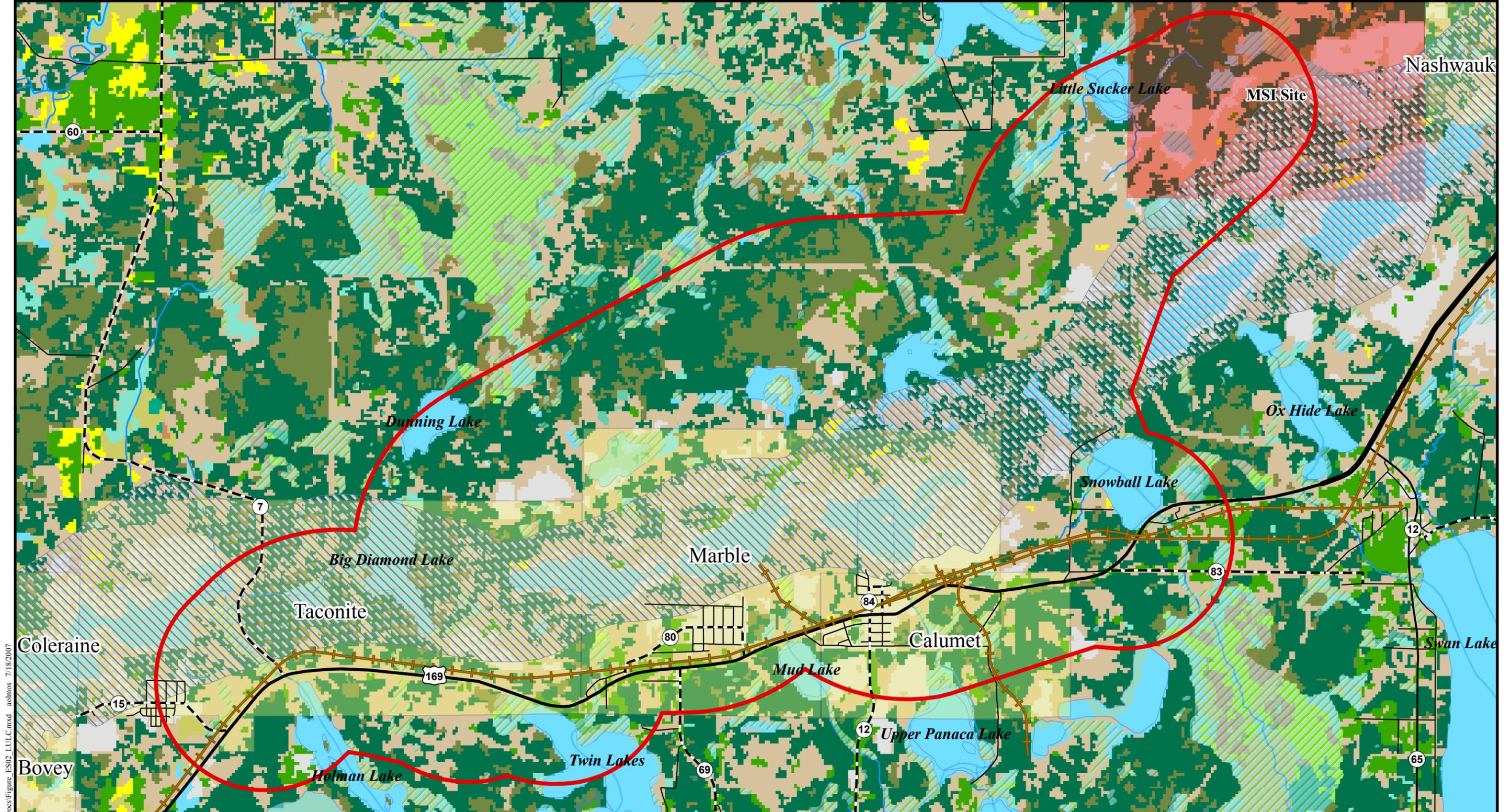
The project area is within an Air Quality Control Region classified by the U.S. Environmental Protection Agency as being in attainment for air quality standards.

The project area contains a variety of coniferous forest, mixed forest, and land which has been disturbed by previous mining activities within the Mesabi Iron Range (Figure ES-2). Wetlands are found in low-lying areas. Even with habitat fragmentation and terrain alteration due to previous mining activities, a variety of habitat types are present. Many species of plants and animals are found within the project area.

Transportation infrastructure in the project area includes U.S. Highway 169, State Highway 65, Itasca County Highways 7 and 58, and rail lines operated by BNSF and Canadian National (CN) railroads. The primary sources of noise in the area include traffic-related noise from U.S. Highway 169, State Highway 65, and railroad-related noise from the BNSF and CN rail lines. Other sources of noise include snowmobiles during the colder months and boat traffic on area lakes during the warmer months.

### **Alternatives Considered**

Five rail line alternatives were considered in this environmental review. All but one of the alternatives originate at the BNSF and CN rail line near Taconite. One alternative (Alternative 5) originates along only the BNSF rail line between the town of Calumet and Snowball Lake. All alternatives terminate at the Minnesota Steel taconite mine and steel mill. The alternatives differ in their routing between Taconite and the Minnesota Steel site. Under the no-build alternative, environmental impacts associated with the construction and operation of the proposed rail line would not occur. In this scenario,



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| LEGEND |                               |  |                               |  |                              |
|--------|-------------------------------|--|-------------------------------|--|------------------------------|
|        | Minnesota Steel Site Boundary |  | Land Cover                    |  | Grassland                    |
|        | Municipality Areas            |  | Aquatic                       |  | Marsh                        |
|        | Project Area Boundary         |  | Aspen/White Birch             |  | Oak                          |
|        | Existing Railroad             |  | Lowland Conifer-Deciduous mix |  | Pine                         |
|        | Iron Formation                |  | Lowland Deciduous             |  | Pine-Deciduous mix           |
|        | Inundated Lands               |  | Lowland Northern White-Cedar  |  | Spruce/Fir                   |
|        | Waterbody                     |  | Lowland Shrub                 |  | Spruce/Fir-Deciduous mix     |
|        | Wetland                       |  | Cropland                      |  | Stagnant Conifer             |
|        | Developed                     |  | Developed                     |  | Maple/Basswood               |
|        |                               |  | Barren                        |  | Maple/Basswood               |
|        |                               |  | Black Ash                     |  | Tamarack                     |
|        |                               |  | Maple/Basswood                |  | Upland Cedar                 |
|        |                               |  | Maple/Basswood                |  | Upland Conifer               |
|        |                               |  | Maple/Basswood                |  | Upland Conifer-Deciduous mix |
|        |                               |  | Maple/Basswood                |  | Upland Deciduous             |
|        |                               |  | Maple/Basswood                |  | Upland Shrub                 |

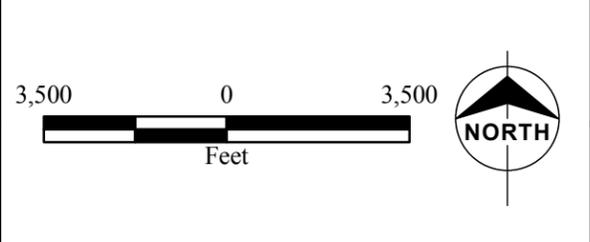


Figure ES-2  
 Itasca County  
 Regional Railroad Authority  
 Land Cover Map

Source: AMEC; Minnesota DNR - Division of Fish & Wildlife.

transportation requirements of the mill would be provided by truck. SEA has identified Alternative 2 as the least environmentally damaging practicable (environmentally preferred) alternative for the proposed rail line. Alternative 2 minimizes the social and environmental impacts of the proposed project during construction and operation, and is feasible from a constructability standpoint. A detailed discussion and comparison of all the alternatives considered is found in Chapter 2, Section 2.2.

### **Synopsis of Environmental Impacts of the Proposed Action**

As discussed here and in more detail in Chapter 4, the construction and operation of Alternative 2 would not be expected to have significant environmental impacts.

### **Physical Resources**

#### **Geology, Soils and Climate**

A right-of-way averaging 100 feet in width would be required for this project. Much of the land potentially impacted by the proposed rail line contains shallow soils and has been previously disturbed by mining or logging activities. Soil disturbance would be restricted to those areas necessary for the rail line right-of-way and the construction of the rail line access road.

#### **Surface and Groundwater**

One stream would be crossed by Alternative 2. Several water-filled mine pits and natural lakes occur in the area, and are in close proximity to the right-of-way. Small wetland areas would be encountered by the proposed rail line, with some wetland area being lost for conversion to rail bed. The proposed rail line would not impact any subsurface water sources used by local municipalities. Best management practices will be implemented to control erosion, sedimentation, and release of any contaminants during construction and operation of the proposed rail line.

#### **Air Quality**

Air quality impacts to the project area resulting from the construction and operation of the proposed rail line are expected to be minimal. Impacts during construction would

include air emissions from construction vehicles, heavy equipment, and associated fugitive dust. ICRRRA would employ appropriate measures, as necessary, to control fugitive dust. These air quality impacts would cease when construction has been completed. During operation, air emissions related to the rail line would be limited to the operation of diesel locomotives and limited vehicle use of a maintenance access road located adjacent to the proposed rail line. These emissions would be localized and are not expected to significantly affect air quality.

### **Biological Resources**

Vegetation removed during construction of the proposed rail line would primarily be restricted to the rail line right-of-way and adjacent access road used for maintenance of the line. Much of the woodland areas impacted have been logged previously and consist of second-growth. In addition, much of the project area consists of spoil piles that have naturally revegetated. Limited wildlife habitat would be impacted by construction and operation of the proposed rail line. Wildlife populations would be impacted by noise and human presence during construction activities. Some loss of wildlife, mainly small ground-dwelling species, may occur during construction. During operation, some wildlife would be impacted by locomotive noise, and some loss of wildlife may occur from collisions with trains. However, these losses would be small due to the limited number of trains and slow operating speeds and would not be significant to the overall populations of wildlife in the area.

The only Federally-listed endangered or threatened species found in the project area is the Canada lynx (*Lynx canadensis*). Although this threatened species has been known to occur within the project area, suitable habitat occurs primarily outside of the project area. No Canada lynx were observed in the project area during field investigations, and no lynx or related sign were observed during field surveys conducted for the Minnesota Steel Final EIS (MNDNR and USACE 2007, Appendix D, Figure 4). Three state-listed endangered or threatened vascular plant species are known to occur within the project area: blunt-lobed grape fern (*Botrychium oneidense*), pale moonwort (*Botrychium pallidum*), and St. Lawrence grape fern (*Botrychium rugulosum*). No populations of

these species were observed during field investigations conducted for the proposed rail line.

### **Noise**

Noise levels within the proposed project area would temporarily rise during construction of the proposed rail line due to the operation of heavy equipment, construction vehicles, and other machinery. The increase in noise during rail line construction would not impact any sensitive noise receptors. The project area lies primarily in unincorporated areas with few residences. Noise would increase to a small degree during operation of the proposed rail line. ICRRA estimates that two trains per day at most would use the line. Noise impacts would be minimal due to the rural nature of the project area. As there are no public road crossings there should be no need for train horn soundings at crossings.

### **Cultural Resources**

Based on a records search of the Minnesota Archaeological Inventory and Historic Structures Inventory, no archeological sites are known to be present in the project area. Three historic sites were identified within the project area as listed or eligible for listing on the National Register of Historic Places (NRHP). None of these sites are expected to be impacted by the proposed rail line. SEA will become a signatory by amendment to the Programmatic Agreement (PA), included as Appendix D, which was developed for the Minnesota Steel Final EIS (MNDNR and USACE 2007) project and signed by the USACE and the Minnesota State Historic Preservation Office (SHPO). The USACE PA anticipates and encompasses the rail line construction as a related action to the Minnesota Steel construction project. SEA will require ICRRA's participation in the PA as a signatory. In addition, if any cultural or archaeological resources are inadvertently discovered during construction, ICRRA shall be required to notify the SHPO immediately and coordinate as appropriate to protect those resources.

**Hazardous Materials/Waste Sites**

Environmental Data Resources, Inc. conducted a search of Federal, state, local, and Native American tribal records to determine if any hazardous materials/waste sites occurred in the project area. The only record found was the Taconite Municipal Dump, near the town of Taconite. This site is labeled under the Minnesota Voluntary Investigation and Cleanup Program (MN VIC). Rail line construction and operation would not have any effect on, or be affected by, this MN VIC program.

**Socioeconomic Setting**

The proposed project is located entirely within Itasca County, Minnesota. The 2006 population of Itasca County was 44,729. Itasca County is served by three U.S. highways and six Minnesota state highways. Historically, the principal economic activities of Itasca County have included mining, tourism, and timber harvesting. Grand Rapids is the county seat of Itasca County. The unemployment rate in Itasca County has traditionally been higher than state and national averages. Mining industry closures in 1990 produced a particularly high unemployment rate (greater than 10 percent). Although the unemployment rate has fallen in recent years, it is still slightly above the state average (7 percent for Itasca County compared to 4 percent for the state in the year 2000).

**Section of Environmental Analysis Recommendations for Mitigation**

Based on independent analysis of the project and the comments received from various agencies consulted with prior to and during the preparation of this EA (see Appendix A), SEA recommends that if the Board grants ICRRA authority to construct and operate the proposed rail line, such authority be subject to the mitigation measures identified below.

1. ICRRA shall limit construction activities and vegetation clearing to the railroad right-of-way in order to minimize fugitive dust generation, and employ best management practices in the control and suppression of fugitive dust emissions.
2. ICRRA shall comply with the reasonable requirements of all applicable Federal, state, and local regulations regarding open burning and the control of fugitive dust related to rail line construction activities. ICRRA shall take reasonable measures

- to maximize combustion and minimize emissions during any open burning activities.
3. To address the concerns of the Minnesota Department of Health, ICRRA shall employ best management practices to prevent surface and groundwater contamination during construction and operation of the rail line.
  4. To address the concerns of the U.S. Department of Agriculture, Natural Resources Conservation Service, should any Federal funds be used by ICRRA during construction of the rail line, ICRRA shall identify farmland soils as determined by the Itasca County Soil Survey, obtain all evaluations, and comply with the reasonable requirements of the Farmland Protection Policy Act.
  5. ICRRA shall minimize sedimentation and erosion in the project area by employing best management practices to reduce soil erosion during construction.
  6. ICRRA shall, immediately following completion of construction, re-seed the railroad right-of-way outside the subgrade slope with native grass species and other appropriate native vegetation to minimize impacts on wildlife and wetland areas, to establish ground cover and to minimize soil exposure and erosion.
  7. ICRRA shall avoid or minimize disturbance to wetland areas whenever possible during construction. In the event wetland areas cannot be avoided, compensatory wetland mitigation will be required, as determined to be appropriate by the U.S. Army Corps of Engineers during the Clean Water Act, Section 404 permitting process.
  8. ICRRA shall adhere to the reasonable mitigation measures as imposed by the U.S. Army Corps of Engineers in any Section 404 permit(s) issued by USACE for construction of the line.
  9. ICRRA shall minimize disturbance to wildlife by restricting construction activities to the proposed rail line right-of-way and immediate surrounding area.
  10. ICRRA shall conduct a botanical survey of the proposed rail line right-of-way prior to construction to determine the presence or absence of any threatened or endangered plant species. If threatened or endangered species are found, ICRRA shall coordinate with the Minnesota Department of Natural Resources to develop appropriate mitigation.

11. ICRRA shall apply for and obtain from the Minnesota Board of Water and Soil Resources and/or Itasca County, as appropriate, a permit under the Wetland Conservation Act, and adhere to the reasonable requirements of any permit issued.
12. ICRRA shall apply for and obtain from the Minnesota Department of Natural Resources, as appropriate, a permit to work in public waters, and adhere to the reasonable requirements of any permit issued.
13. ICRRA shall maintain construction and maintenance vehicles in good working order to minimize air emissions, noise, and fluid leaks.
14. ICRRA shall conduct construction activities in accordance with the reasonable requirements of all Federal, state, and local ordinances pertaining to noise and air emissions.
15. To protect cultural and historic resources, ICRRA shall comply with the provisions of the Programmatic Agreement as incorporated by amendment and executed between U.S. Army Corps of Engineers, Minnesota State Historic Preservation Office, and Section of Environmental Analysis with ICRRA's concurrence.
16. ICRRA shall cease construction activities and notify the Minnesota State Historic Preservation Office immediately if any cultural or archaeological resources are inadvertently discovered during construction of the rail line.
17. ICRRA shall observe the reasonable requirements of all applicable Federal, state, and local regulations regarding the handling and disposal of any waste materials, including hazardous waste, encountered or generated during construction and operation of the rail line. Should a spill occur during construction or operation of the rail line, ICRRA shall follow the appropriate emergency response procedures outlined in its Emergency Response Plan, ensuring that spills are cleaned up in accordance with all applicable Federal, state, and local regulations.

### **Preliminary Conclusion**

Based on available information provided from all sources to date, SEA preliminarily concludes that, as currently proposed, construction and operation of ICRRA's proposed

rail line, Alternative 2, would not significantly affect the quality of the natural or human environment provided that the recommended mitigation measures as set forth in this EA are implemented. Therefore, an EIS is unnecessary in this proceeding.

This EA considers the potential environmental impacts of ICRRRA's proposed construction and operation of an approximate 9 mile rail line in Itasca County, Minnesota. The proposed rail line would connect an existing rail line near Taconite with the site of a taconite mine and steel mill to be constructed by Minnesota Steel at Nashwauk. SEA recommends that, if the Board grants ICRRRA authority to construct and operate the proposed rail line, ICRRRA be required to implement the mitigation measures recommended in Chapter 5 of this EA. SEA will consider all comments received in response to this EA in rendering its final recommendations to the Board.

### **Request for Comments**

SEA (lead agency) and USACE (cooperating agency) invite comments on all aspects of this EA, including the scope and adequacy of the recommended mitigation, SEA's participation in the PA, as well as other reasonable alternatives. SEA will consider all comments received in response to the EA in making its final recommendations to the Board. The Board will consider SEA's final recommendations and the environmental comments in making its final decision in this proceeding.

Please send any comments on this Environmental Assessment to:

Kenneth Blodgett  
Surface Transportation Board  
395 E Street SW  
Washington, DC 20423  
Attn: Docket No. FD 34992

Environmental comments may also be filed electronically on the Board's website, [www.stb.dot.gov](http://www.stb.dot.gov), by clicking on the "E-FILING" link. Please refer to Finance Docket

No. 34992 in all correspondence, including e-filings, addressed to the Board. If you have any questions regarding this Environmental Assessment, please contact Kenneth Blodgett by phone at (202) 245-0305, fax at (202) 245-0454, or email at [blodgettk@stb.dot.gov](mailto:blodgettk@stb.dot.gov).