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SERVICE DATE – JULY 30, 2009

SURFACE TRANSPORTATION BOARD
WASHINGTON, DC 20423

ENVIRONMENTAL ASSESSMENT

STB Finance Docket No. 35218

**Meridian Southern Railway, LLC – Construction of Connecting Track Exemption –
in Lauderdale County, MS**

BACKGROUND

In this proceeding, Meridian Southern Railway, LLC (MDS) filed a notice of exemption under 49 CFR 1150.36 seeking exemption from the requirements of 49 U.S.C. 10901 in connection with the construction of approximately 1,910 feet of connecting track in the City of Meridian, Lauderdale County, Mississippi, on land within existing rail rights-of-way, owned either by MDS or Norfolk Southern Railway (NS), and on land within an acquired railroad easement. A map depicting the proposed track in relationship to the area served is appended to this Environmental Assessment (EA).

DESCRIPTION OF THE PROPOSED CONNECTING TRACK CONSTRUCTION

As stated above, MDS proposes to construct approximately 1,910 feet of track in the City of Meridian, Mississippi. The track to be constructed would extend from the existing MDS track near Interchange Road to a yard track (designated Number 4 track) in the existing NS rail yard near NS milepost 3.2. The track to be constructed would connect MDS to the NS mainline, whereas MDS currently connects only to the Kansas City Southern Railway (KCS) mainline. The track would be constructed within existing rail rights-of-way (owned either by MDS or NS) and within an acquired railroad easement. Dudley Maples, LP, landowner of the property on which a portion of the proposed track would be constructed, conveyed a right-of-way easement to MDS for railroad purposes. The new track would connect via a track switch (turnout) at each end. The project would consist of the grading, ballasting, filling and laying of track and crossties across an open field.

The current MDS rail line was purchased from KCS in 2000. MDS purchased the ownership interest and right to operate approximately 54.5 miles of rail line between approximately milepost 134.2 at Meridian and approximately milepost 79.7 at Waynesboro, MS. Since the acquisition in 2000, MDS has served several major customers on the current MDS rail line, including the Marshall Durbin Poultry complex at Waynesboro, the Hood Lumber Company at Waynesboro, Georgia Pacific at Meridian, and Atlas Roofing at Meridian. MDS also serves a number of smaller customers including Bazor Lumber Company in Quitman,

Scotch Plywood in Waynesboro, Culbreth Timber Company in Quitman, and Southwood Door Company in Quitman.

MDS anticipates that the proposed connecting track would provide the existing shippers and consignees with improved access to the national rail system by the addition of a routing option with more efficient flow and price competition. MDS anticipates that the proposed connection would encourage increased shipments from existing customers and foster new economic development in the East Mississippi area served by MDS.

MDS estimates that approximately 2,500 freight carloads, holding a total of approximately 250,000 tons of freight, would move annually over the connecting track. MDS indicates that approximately two trains would move over the track each operating day, and that approximately 450 trains would move over the track each year. Each train moving over the track would average approximately 11 cars. MDS expects center beam flatcars, covered hoppers, boxcars, woodchip hoppers, and gondola cars to move over the track. MDS proposes to move trains over the track at a speed of 10 mph or less. MDS expects to operate and maintain the track with its existing labor force and does not expect that the operation of the track would result in a change of labor force. MDS currently uses five locomotives and does not expect its motive power requirements to change as a result of the proposed construction.

MDS's proposed construction of the connecting track would employ approximately 25-30 workers. MDS estimates that the proposed construction would result in approximately 1,532 cubic yards of unclassified excavation (excavation within the project limits to be used inside the project limits), approximately 8,592 yards of borrow excavation (imported engineered fill material), and approximately 3,670 cubic yards of undercut excavation (material undercut from the railbed to create a firm stable subgrade for the track).

MDS considered an alternative connecting route from the MDS track to a yard track in the NS rail yard. MDS did not select this alternative as it would have required the construction of a new bridge over the Sowashee Creek. MDS also considered an alternative connecting route approximately 10 miles south of the proposed track, but did not select this alternative as it would have required the installation of a costly interlocking junction and extensive signal work and track construction. MDS considered a no-build alternative with a connection to the NS main line via trackage rights over KCS, but states that KCS refused to provide the necessary trackage rights.

ENVIRONMENTAL REVIEW

MDS submitted an environmental report that concludes the quality of the human environment would not be affected significantly as a result of the proposed connecting track construction. MDS served the environmental report on a number of appropriate Federal, state, and local agencies as required by the Surface Transportation Board's (Board) environmental rules [49 CFR 1105]. MDS concludes in the environmental report that the proposed construction of connecting track would not significantly affect the quality of the human environment. The

Board's Section of Environmental Analysis (SEA) has reviewed and investigated the record in this proceeding.

Water / Wetlands

The U.S. Army Corps of Engineers (USACE) has indicated that it appears that the proposed connecting track may cross wetlands. Based on its review of the information provided, USACE has preliminarily determined that the proposed track construction may involve work in, and the discharge or placement of dredged and/or fill material into waters of the United States under USACE's regulatory jurisdiction. USACE requires additional information to complete its evaluation, including a wetland delineation and stream assessment of the project area (USACE file number SAM-2009-0499-SBC). MDS has hired an environmental consultant to perform a wetland delineation and stream assessment and is working with USACE to address USACE permitting requirements. Accordingly, we will recommend a condition requiring MDS to complete consultation with USACE prior to commencement of any track construction activities regarding potential impacts to waters of the United States, including wetlands, and comply with the reasonable requirements of the USACE.

The Mississippi Department of Marine Resources (MDMR), in cooperation with other state agencies, is responsible under the Mississippi Coastal Program for managing the coastal resources of Mississippi. MDMR has indicated that Mississippi Coastal Zone Consistency is not required in Lauderdale County.

Transportation System / Safety

MDS does not anticipate that existing regional or local transportation systems or patterns would be adversely affected by the proposed connecting track construction. The proposed track construction would not cause any diversion of passengers or freight to other transportation systems or modes.

The proposed track construction would include one at-grade crossing at Interchange Road. Interchange Road is paved and maintained by the City of Meridian Public Works Department for approximately 0.4 miles, terminating at the property of APAC-Mississippi (APAC). MDS consulted with the City of Meridian regarding the proposed track construction, and the city did not raise any issues regarding potential traffic impacts on Interchange Road. There are no residential houses, churches, schools, health-care facilities or other public buildings located on Interchange Road.

APAC is the only commercial business located on Interchange Road. APAC has recently relocated its main operations. The APAC location on Interchange Road is currently used only for their Meridian Administrative Office and a mechanic's shop. APAC supports the proposed connecting track construction, and has provided numbers representing its typical anticipated daily traffic on Interchange Road. APAC estimates its average daily traffic on Interchange Road

to be approximately 50 vehicles. APAC estimates its maximum daily traffic on Interchange Road to be approximately 100 vehicles.

The proposed connecting track construction would result in minimal traffic delay twice per MDS operating day to the small number of vehicles which use Interchange Road. The amount of delay to vehicles is determined by the length of the train, the speed of the train, and the width of the intersection. Each locomotive and car would average approximately 65 feet long. The average two locomotive and 11 car train would total approximately 845 feet in length. The intersection with Interchange Road is approximately 30 feet wide. Each train would travel through the crossing at a maximum speed of 10 mph, or 14.66 feet per second. Therefore, the average MDS train would clear the crossing in approximately 60 seconds. Assuming a small amount of fixed time for a vehicle to stop prior to the train entering the crossing and for the vehicle to continue once the train has cleared the crossing, the average delay for a vehicle approaching the proposed Interchange Road crossing when an MDS train arrives would total less than 90 seconds. In conclusion, the proposed connecting track construction would result in minimal motor vehicle delay at the proposed at-grade crossing at Interchange Road. Interchange Road is used almost exclusively by APAC, which actively supports the proposed construction.

MDS does not anticipate any adverse effects to essential public services as a result of the proposed connecting track construction. MDS would stop any trains planning to enter the crossing should an emergency response vehicle need to use Interchange Road in order to reach the APAC property. Alternatively, emergency vehicles could access the APAC property through the NS rail yard that lies immediately to the north of the APAC property.

Land Use

MDS does not foresee any inconsistencies related to the proposed construction of connecting track with regional and/or local land use plans. MDS has consulted with the City of Meridian Planning Manager regarding the proposed construction. The Meridian Planning Office (MPO) is responsible for land use development and planning functions in Lauderdale County. MDS has indicated that MPO does not anticipate any inconsistencies with existing land use plans.

The proposed track construction would not have adverse impacts on prime agricultural land or farmland resources. The U.S. Department of Agriculture Natural Resources Conservation Service in Jackson, Mississippi has indicated that prime farmland determinations are not required within city limits.

Energy

The proposed connecting track construction would not have any effect on the transportation of energy resources, result in an increase or decrease in overall energy efficiency, or cause the diversion of rail carloads to motor carriers.

Air

The proposed connecting track construction would not significantly impact air quality standards, increase ozone precursor emissions, or require a general conformity analysis. Impacts to air quality as a result of the proposed track construction would be negligible. Lauderdale County is an attainment area under the Clean Air Act. The small increase in rail traffic which would result from the proposed track construction does not trigger any of the Board's thresholds, which would warrant further air quality analysis. SEA believes that any air emissions associated with construction activities would be temporary and would not have a significant impact on air quality.

Noise

MDS conducted a noise analysis using the Federal Railroad Administration (FRA) noise model (see Appendix A attached) and has concluded that there would be minimal adverse noise impacts to the area as a result of the proposed rail operations. The proposed connecting track would be located on what is now an empty field in a noisy industrial area surrounded by an active rail yard, two busy rail lines, and two Interstate Highways. No schools, libraries, hospitals, retirement communities or nursing homes are located in the vicinity of the proposed track. The track would not traverse any residential communities. MDS does not anticipate moving any trains over the track at night.

To the immediate north of the proposed connection between the track and the NS yard track (at the northern end of the proposed connecting track) is an active NS freight rail yard running on a southwest-to-northeast axis. The rail yard contains four to five parallel NS yard tracks and the NS main line extending southwest to New Orleans, Louisiana, and northeast to Birmingham, Alabama. This NS main line hosts Amtrak passenger service as well as numerous NS freight movements daily. The proposed NS Crescent Corridor project will provide capital improvements to this NS main line, allowing for additional train capacity. Immediately to the north of the NS main track is the KCS Meridian Speedway main track and a siding. The KCS main track extends southwest to Dallas, Texas via Jackson, Mississippi and northeast to Corinth, Tennessee. The KCS main line at this location is the subject of the Meridian Speedway joint venture between NS and KCS that has made substantial capital improvements to the 320-mile KCS line between Meridian and Shreveport, Louisiana. Upon completion of the Meridian Speedway improvements, KCS anticipates 45 trains will traverse this line each day. In addition to the numerous freight movements along the NS and KCS main lines, NS and KCS also occasionally use their respective yard tracks and siding to park trains.

Approximately 900 feet to the southwest of the proposed connection between the proposed track and the NS yard track, the NS main line and yard tracks and the KCS Meridian Speedway all cross 49th Avenue South at an at-grade crossing. The numerous NS and KCS trains traversing this crossing every day sound locomotive horns in compliance FRA regulations.

Approximately 600 feet west of the northern end of the proposed connecting track is the Lauderdale County Farm Supply and Garden Center, with access from 49th Avenue South. Approximately 1,000 feet south of the southern end of the proposed track is the combined Interstate 59 and Interstate 20. Approximately 700 feet east of the northern end of the proposed line are the APAC administrative building and mechanical shop.

A small community of private homes begins approximately 200 feet north of the connection between the proposed connecting track and the NS yard track. The community extends from that point further north roughly using the NS main line and yard tracks and the KCS Meridian Speedway and siding as a southern boundary. This community lies approximately 200 feet north of the existing 49th Avenue South grade crossing.

The proposed line would have one at-grade crossing located at Interchange Road. Interchange Road begins approximately 700 feet to the west of the proposed at-grade crossing at an intersection with 49th Avenue South and continues to a dead end point approximately 800 feet to the east of the proposed track at the APAC property. There are no driveways, structures, houses, sheds, or public buildings along Interchange Road.

There is an existing at-grade crossing on Interchange Road located approximately 300 feet west of the proposed at-grade crossing. The existing at-grade crossing has not been used in three to four years and is partially paved over. The track on the north side of the existing at-grade crossing was removed approximately nine years ago. The existing at-grade crossing would close as a result of the proposed connecting track construction.

Pursuant to FRA safety regulations, MDS intends to sound a locomotive horn when its locomotives approach the proposed at-grade crossing at Interchange Road. To determine the noise impacts from these locomotive horns, MDS used FRA's Grade Crossing Noise Model. Each train would operate with two locomotives using front-mounted horns. To the extent information was not available, MDS selected the most conservative variables for the Noise Model inputs which would yield the largest noise impact zones.

The nearest boundary of the closest residential community, described above, is located approximately 1,500 feet north of the proposed Interchange Road at-grade crossing, well outside of the 65 Ldn contour and impact zones generated by the noise model. The NS freight rail yard with four to five NS yard tracks, the NS main line, the KCS Meridian Speedway, and a KCS siding lies between the proposed at-grade crossing and the residential community. This residential community is located approximately 300 feet north of the very active 49th Avenue South NS/KCS at-grade crossing, described above. Even using conservative assumptions in the FRA Noise Model, the model shows that noise from MDS train operations likely would have no adverse impact on this residential community. There are no other noise-sensitive receptors in the immediate vicinity.

MDS does not anticipate that operations over the proposed connecting track would create significant wheel squeal. The two curves along the proposed track measure approximately 13

and 14 degrees, respectfully, and MDS proposes to move trains over the line at speeds of 10 mph or less. MDS proposes to connect the track to the MDS track at the southern end and to a yard track in the existing NS rail yard at the northern end with Number 8 or 10 turnouts. Due to these gradual curves and low speeds, MDS does not anticipate that locomotives running over the proposed track would generate the significant outward pressure on the outside rail that would cause wheel squeal.

SEA believes that any noise associated with construction activities related to the proposed connecting track would be temporary and should not have a significant impact on the area surrounding the proposed track.

Public Health

MDS indicates that no hazardous materials are expected to be transported as a result of the proposed connecting track construction. MDS is not aware of any hazardous waste sites or sites where there have been hazardous spills on the proposed right-of-way.

Biological Resources

The proposed connecting track construction would not adversely affect endangered or threatened species or areas designated as a critical habitat. The Mississippi Field Office of the U.S. Department of the Interior, Fish and Wildlife Service has determined that no listed threatened or endangered species or their habitats would be impacted by the proposed construction.

No wildlife sanctuaries or refuges, or national or state parks or forests would be adversely impacted as a result of the proposed track construction.

HISTORIC REVIEW

MDS served the historic report on the Mississippi Department of Archives and History (SHPO), pursuant to 49 CFR 1105.8(c). The SHPO has reviewed the information provided and determined that no cultural resources are likely to be affected by the proposed connecting track construction. We have reviewed the report and the information provided by the SHPO and concur with the SHPO's comments.

Pursuant to the Advisory Council on Historic Preservation's regulations for implementing the Section 106 process of the National Historic Preservation Act at 36 CFR 800.5(c) and 36 CFR 800.8, we have determined that the proposed track construction would not adversely affect historic properties listed in or eligible for inclusion in the National Register of Historic Places. The documentation for this finding, as specified at 36 CFR 800.11(d), consists of the railroad's historic report, all relevant correspondence, and this EA, which have been provided to the SHPO and made available to the public.

SEA conducted a search of the Native American Consultation Database at www.cast.uark.edu/other/nps/nacd/ to identify Federally recognized tribes that may have ancestral connections to the project area and has identified one Federally recognized tribes that may have an interest in the undertaking. The Eastern Band of Cherokee Indians of North Carolina will be added to the service list for this proceeding and will receive a copy of this EA for their comment.

CONDITIONS

We recommend that the following condition be imposed on any decision granting connecting track construction authority:

Meridian Southern Railway shall complete consultation with the U.S. Army Corps of Engineers (USACE) prior to commencement of any connecting track construction activities regarding potential impacts to waters of the United States, including wetlands, and shall comply with the reasonable requirements of USACE.

CONCLUSIONS

Based on the information provided from all sources to date, SEA concludes that, as currently proposed, and if the recommended condition is imposed, construction of the proposed connecting track would not cause significant environmental impacts or significantly affect the quality of the human environment. Therefore, the environmental impact statement process is unnecessary.

Alternatives to the proposed connecting track construction would include denial (and therefore no change in operations). In this case, the existing quality of the human environment and energy consumption should not be affected.

PUBLIC ASSISTANCE

The Board's Office of Public Assistance, Governmental Affairs, and Compliance responds to questions regarding connecting track construction. You may contact this office directly at (202) 245-0238, or mail inquiries to Surface Transportation Board, Office of Public Assistance, Governmental Affairs, and Compliance, Washington, DC 20423.

COMMENTS

If you wish to file comments regarding this Environmental Assessment, send an **original and two copies** to Surface Transportation Board, Case Control Unit, Washington, DC 20423, to the attention of Kenneth Blodgett, who prepared this Environmental Assessment. Environmental comments may also be filed electronically on the Board's website, www.stb.dot.gov, by clicking on the "E-FILING" link. **Please refer to Finance Docket No. 35218 in all correspondence, including e-filings, addressed to the Board.** If you have any questions regarding this

Environmental Assessment, please contact Kenneth Blodgett, the environmental contact for this case, by phone at (202) 245-0305, fax at (202) 245-0454, or e-mail at blodgettk@stb.dot.gov.

Date made available to the public: July 30, 2009.

Comment due date: August 28, 2009.

By the Board, Victoria Rutson, Chief, Section of Environmental Analysis.

Anne K. Quinlan
Acting Secretary

Attachments
Maps (3)
Appendix A