

City Manager's Office
City Hall
50 West 13th Street
Dubuque, Iowa 52001-4864
(563) 589-4110 office
(563) 589-4149 fax
(563) 690-6678 TDD
ctymgr@cityofdubuque.org

January 31, 2008

Surface Transportation Board
Attn: Section of Environmental Analysis
Finance Docket No. 35081
395 E Street SW
Washington, DC 20423-0001

**Re: Finance Docket: 35081
Proposed Acquisition of the Dakota, Minnesota & Eastern Railroad
(DM&E) by the Canadian Pacific Railway**

Dear Administrator Boardman:

The City of Dubuque, Iowa (City) is writing to comment on the acquisition of the DM&E by the Canadian Pacific Railway. The City does not oppose the acquisition of the DM&E by the CP. The City simply wants the State of Iowa to be afforded equal protection by the Board as the States of Wyoming, South Dakota, and Minnesota received.

Most recently the Canadian Pacific Railway Company, Soo Line Holding Company, Dakota, Minnesota & Eastern Railroad Corporation, and the Iowa, Chicago & Eastern Railroad Corporation, collectively referred to hereinafter as "Applicants", proposed two environmental conditions in Finance Docket 35081 to address the potential movement of Powder River Basin (PRB) coal trains operating over the lines of the Iowa, Chicago & Eastern Railroad Corporation rail lines, formerly the I&M Rail Link (former IMRL) which the Board endorsed. The two proposed conditions read as follows:

1. Applicants may not transport coal unit trains originating on the new rail line approved for construction in DM&E PRB Construction over lines currently operated by IC&E and/or CPR until the Board has prepared an Environmental Impact Statement and has issued a final decision addressing the environmental impacts of such coal operations and allowed such operations to begin.
2. Prior to commencing any construction of the new rail line approved in DM&E PRB Construction, Applicants shall notify the Board of Applicants' intent to begin construction and shall submit to the Board reasonably foreseeable projections

regarding the movement of DM&E PRB Coal traffic on the rail lines of IC&E and/or CPR, so that the environmental review can begin.

The City has maintained a constant concern about the PRB project, specifically, the impact of the coal trains coming into and through Dubuque, and its effects on the health, safety, and welfare of our community. The communities of Wyoming, South Dakota, and Minnesota were granted environmental review prior to construction. Iowa should receive the same consideration. The Section for Environmental Analysis (SEA) agreed in its January 30, 2007 memo to the Board:

“An environmental impact study (EIS) was prepared in the Construction case, and it can be argued that the same level of environmental review should be afforded for the affected communities on the former IMRL lines.”

First, before the Applicants merged they were subject to agreements related to track usage. Now the Applicants will have exclusive control over the former IMRL lines through Dubuque.

Next, let me put Dubuque's position into context: the City of Rochester, MN has eleven (11) rail crossings; Dubuque has eleven (11) at-grade rail crossings and two (2) elevated crossings. The Applicant's rail which passes through Dubuque separates two significant areas of our community from the remainder of the City. Those areas are the Kerper Boulevard industrial area and the Port of Dubuque.

The Kerper Boulevard industrial area includes, in addition to a number of industrial businesses, the City of Dubuque Municipal Services Center, the City's Eagle Point Water Plant, and access to the bridge over the Mississippi River that connects Iowa and Wisconsin.

The Applicant's railroad tracks come into the North End of Dubuque near the City's Eagle Point Water Plant, which is also near Lock & Dam 11 and the Mississippi River. The tracks are within **35 feet** from the facilities water filters. A spill from a rail car or a derailment has the potential to be devastating to the City's water supply. Recovery from contamination of the City's water source, while expensive, could be even more so if the damage to the facility is irreparable.

The Municipal Services Center is home to the City's equipment and staff handling sewer maintenance, snow and ice control, solid waste collection, street and traffic lighting, and street maintenance. Delays or hazards to the citizens of Dubuque must be examined when considering a potential increase in rail traffic. Mitigation is necessary to ensure safety as well as preparation.

Another section of Dubuque which will be most impacted is the Port of Dubuque. The Port of Dubuque is home to a \$188 million project known as the *America's River* project. This public/private partnership includes a number of attractions including the Mississippi

Riverwalk, the American Trust Rivers Edge Plaza, the Alliant Energy Amphitheater, and most importantly the National Mississippi River Museum and Aquarium (NMRMA).

America's River Project Phase II is underway in the Port and the related development is ongoing. McGraw Hill recently finished construction of a \$32 million headquarters. Construction is underway on a \$50 million facility by Peninsula Gaming, LLC which will be the new home of the Diamond Jo Casino.

The Dubuque Historical Society is in the midst of a fund-raising campaign for a \$32 million expansion of the National Mississippi River Museum & Aquarium which will add a RiverMax Theater and Great Rivers Center. The 250-seat RiverMax Theater will be built adjacent to the current museum showing 3D/4D movies. The RiverMax Theater will be the only large format theater in Dubuque. The Great Rivers Center will have galleries, storefront retail, the National Rivers Center, and the Rivers Research Center. When the project is complete, the museum will double in size.

Port of Dubuque, LLC will begin construction of a \$70 million mixed-use development in the Port of Dubuque with retail and commercial space in addition to high-end condos. The development also includes a new corporate headquarters for prominent Dubuque architect, The Durrant Group, which is scheduled to open in Spring/Summer 2008. A \$23 million municipal parking ramp with 1,130 stalls is also under construction in the Port. The new investment amounts to an additional \$207 million.

City emergency services as well as \$396 million in development and investment will be negatively impacted by increased rail traffic and delays. The Applicants currently run trains through the City of Dubuque in order to access Chicago and the City already experiences blockages in the Port in excess of thirty minutes. While all of the areas along the track in Wyoming, South Dakota, and Minnesota have had environmental studies completed, no such opportunity has been afforded to Iowa communities, including Dubuque. An EIS and necessary mitigation prior to coal entering Dubuque on the former IMRL tracks is essential to ensure a safe co-existence of the railroad and the Dubuque community.

The Applicants allege that the proposed transaction would not result in any increase in rail traffic, train operations, or yard activity that exceeds the thresholds for environmental review. In 2006 it was estimated that Dubuque would see five additional coal trains per day. See Environmental Appendix p. 18 referencing Exhibit B. The credibility of estimates must be seriously evaluated. The SEA agreed in its January 2007 memorandum on the PRB project and routing coal over the former IMRL lines:

"SEA has concerns about the credibility and adequacy of the traffic projections and information submitted by DM&E in the Environmental Appendix about how it plans to route its PRB coal traffic. As several commenters note, environmental review in the Construction case was based on forecasts of up to 34 coal trains per day coming out of the PRB on DM&E's new rail line. These 34 coal trains must be projected to move somewhere, but Applicants' Environmental Appendix

does not explain why only 5-8 of those trains would be routed over former IMRL lines.”

The Applicants must be held accountable to protect communities along their tracks from substantial harm, including but not limited to environmental assessment, upgraded tracks, crossings, and safety features. The speeds of the trains should also be addressed.

Iowa communities deserve similar protections afforded to the affected communities in Minnesota, South Dakota, and Wyoming. Dubuque would like the environmental impact studies and necessary mitigation completed before the restriction prohibiting PRB coal on the former IMRL rail line is lifted.

The Canadian Pacific Railway conglomerate offers, “freight transportation services over a 14,000-mile network in Canada and the U.S.” (<http://www8.cpr.ca/cms/English/General+Public/default.htm>) The DM&E possesses 2,500 miles of track, which includes 1,400 miles of former IMRL track, resulting in a total of 16,500 miles of track. The Applicants could ship PRB coal on 15,100 miles of rail line without taking the coal across the former IMRL line until such time as all studies and mitigation are complete.

Alternatively, if you accept the Applicants assertion that rail traffic will only increase minimally per day then the City asks you to impose a restriction limiting an increase of rail traffic to the five to eight trains as estimated in 2006. If the Applicants wish to increase traffic along the former IMRL lines in the future, Dubuque asks the SEA and STB to reserve the right to demand further environmental review at that time.

In closing, the City of Dubuque understands the economics of the PRB project for the Applicants but today asks the SEA to balance this with the interests, lives, and economic impact on the citizens and businesses of Dubuque and the State of Iowa. Thank you for your time and consideration.

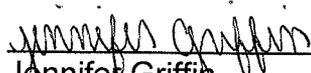
Sincerely,



Michael C. Van Milligen
City Manager

MCVM:jmg

I certify that I have this day served copies of this document on all parties of record in this proceeding by first class mail.



Jennifer Griffin

February 1, 2008

Date