BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' SUBMISSION OF COMMENTS
ON THE ENVIRONMENTAL ASSESSMENT PREPARED BY
THE SECTION OF ENVIRONMENTAL ANALYSIS

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May 3, 1996
BEFORE THE
SURFACE TRANSPORTATION BOARD

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Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

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APPLICANTS’ SUBMISSION OF COMMENTS
ON THE ENVIRONMENTAL ASSESSMENT PREPARED BY
THE SECTION OF ENVIRONMENTAL ANALYSIS

Applicants submit herewith their Comments on the
Environmental Assessment Prepared by the Section of Environmental
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Respectfully submitted,

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May 3, 1996
CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 3rd day of May, 1996, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties of record in Finance Docket No. 32760, and on

Directors of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

Michael L. Rosenthal
BEFORE THE
SURFACE TRANSPORTATION BOARD

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Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
--CONTROL AND MERGER--
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

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APPLICANTS' COMMENTS

ON

THE ENVIRONMENTAL ASSESSMENT
PREPARED BY THE
SECTION OF ENVIRONMENTAL ANALYSIS
Applicants Union Pacific Corporation, Union Pacific Railroad Company, Missouri Pacific Railroad Company, Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp. and the Denver and Rio Grande Western Railroad Company submit the following comments on the Environmental Assessment ("EA") prepared by the Board’s Section of Environmental Analysis, served April 12, 1996.

In general, Applicants do not disagree with the EA. However, the EA contains some errors which Applicants believe should be corrected. Also, some of the proposed mitigation measures are inappropriate, unjustified or beyond the Board’s jurisdiction, and should be revised or deleted. These comments address these errors and proposed mitigation measures.

It should be noted that Applicants submitted an extensive and detailed Environmental Report with their application. The Environmental Report was prepared by Dames & Moore, an engineering firm with extensive experience in assessing environmental issues. The report concluded that the system-wide net environmental effects of the merger (including the BN/Santa Fe settlement) would be very positive. For instance, the diversion of truck traffic to rail and the consolidation and rerouting of rail traffic would result in significant reductions in fuel consumption (a savings of 35 million gallons per year), in reduced emissions to the atmosphere, and in fewer highway accidents when compared with current conditions. None of the parties in this proceeding has challenged the accuracy of the analysis of the overall net environmental benefits of the merger as set forth in the Environmental Report.
However, some commenters have raised questions about local increases in rail traffic that may result from the merger, or have raised concerns about possible environmental questions associated with particular abandonments. As explained in these comments, such concerns are either not well-founded or not significant.
Approval of an abandonment will not necessarily result in the salvaging or removal of a rail line as stated in the fourth paragraph on page ES-7. Abandoned lines may be sold for continuing rail operations (including for use by tourist trains), or there may be other reasons why salvaging may not occur.

Corrections to Table ES-3 are contained in the Appendix hereto.

Corrections to Table ES-7 are contained in the Appendix hereto.

Applicants concur with the EA’s conclusion that an environmental impact statement is unnecessary in this proceeding. The Environmental Report and EA fully comply with the requirements of 49 C.F.R. pt. 1105 and the National Environmental Policy Act. Both the ER and EA contain an extensive examination of potential environmental impacts and clearly demonstrate that the merger (including the BN/Santa Fe settlement) and related construction and abandonment proposals will not significantly affect the quality of the human environment. Also, although Applicants request modifications to some of the SEA’s recommended mitigation measures, Applicants are fully committed to implementing any appropriate mitigation measures.
The EA recommends that Applicants "consult with American Indian Tribes near construction and abandonment sites." Applicants interpret this recommendation as being limited to identified Indian Tribal properties that are contiguous to a construction site or abandoned line or to situations where Tribes hold reversionary interests in ROW if abandoned. (Any broader interpretation would be unreasonably burdensome, and should not be imposed.) To date, the Bureau of Indian Affairs has not identified any affected Indian Tribal properties, other than lands of the Chickasaw Nation in Oklahoma, for which a copy of UP's Emergency Response Plan is requested. Applicants will provide a copy of its Emergency Response Plan to any affected Indian Tribe.

The Environmental Verification filed by Montana Rail Link, Inc. (MRL) asserts that acquisition and operation of identified lines would not exceed the applicable thresholds. However, the thresholds identified by MRL do not include those set out in 49 C.F.R. § 1105.7(e)(5)(ii) for nonattainment areas. Twenty of the 25 identifiable line segments on which MRL seeks to operate are in nonattainment areas and 9 of the 12 identified yards where MRL seeks to operate are in nonattainment areas. Under these circumstances, it would appear that the MRL verification is seriously deficient, and does not satisfy the criteria established by SEA with respect to a Preliminary Draft Environmental Assessment.
Tables 2-2, 2-3, and 2-4 contain data only with respect to rail segments, yards and intermodal facilities which are projected to have increased activity, omitting rail lines, yards and intermodal facilities with decreased activity. Combining these increases in the Table 2-5 "Summary of Emission Increases by AQCRs" grossly overstates the potential emission increases by failing to net out the decreases in rail activity and truck activity which will occur in those AQCRs. This problem is discussed in detail in comments on Volume 2.
The number of anticipated rail accidents reported by the EA does not reflect the Errata filed by Applicants which corrected the number of train miles traveled and thus the number of potential rail accidents. The statement in the EA should be corrected so that the first line of the "Accidents" paragraph reads "the proposed merger could result in an increase of 17 rail accidents per year."

In the subsection entitled "Chemical and other Hazardous Materials Movement," the EA includes a description of Applicants' plan for directional operations between St. Louis and Memphis on the northbound route and Houston and San Antonio on the southbound route. The EA recommends that various mitigation measures be implemented because of the traffic densities and the volume of hazardous materials to be handled on these lines. The recommended mitigation (on p. 1-20 and repeated on pp. 6-28, 9-15, 10-8, 16-43) is that UP/SP conduct rail line capacity simulations to verify that the directional operations involving St. Louis, Memphis, Dallas, San Antonio, and Houston can be safely accomplished. These simulations are to be submitted to FRA for its review and UP/SP is to comply with FRA's recommendations. The simulations are recommended for a large number of
rail line segments in Arkansas, Illinois, Louisiana, Missouri and Texas.

The Rebuttal Verified Statement of R. Bradley King discusses in detail UP’s and SP’s experience with directional operations in three lengthy corridors totalling over 1000 miles of mainline track, and discusses the significant operating efficiencies and resulting safety benefits that are possible from this method of operation.¹ (Relevant portions of the King statement are included in the Appendix to these comments.) These comments, together with UP’s operating history, demonstrate that the recommended mitigation measures are not warranted. Applicants are willing to consult with FRA concerning any legitimate safety or operational issues raised by directional operations; however, it is not appropriate to impose the recommended mitigation measures when there is no evidence that the proposed operating plan presents additional risks and no reason to believe that such risks would arise. Applicants strongly request that the mitigation measure be amended so as only to require applicants to consult with FRA concerning any safety issue which is identified as a result of the directional operating plan and the operations of BN/Santa Fe on the trackage rights involved.

Section 1.2.2, p. 1-18

Section 1.2.2 also contains a discussion concerning the SP line between Lewisville, Arkansas, and Houston. Portions of this line do not have a signal system

¹Also the EA’s description of the directional operation plan does not reflect Applicants’ recent commitment to grant BN/Santa Fe additional overhead trackage rights adequate to allow BN/Santa Fe also to operate directionally on UP/SP trackage. (See Rebuttal Verified Statement of John Rebensdorf, p.7. Copies of the pertinent pages of the Rebensdorf Statement are included in the Appendix to these comments.)
and are dispatched under direct traffic control procedures. The EA acknowledges that these procedures meet all applicable safety regulations but states that these procedures are more dependent on human judgment than a signalized system. The EA recommends (on p. 1-21 and repeated on pp. 3-14, 9-15, 16-43) that UP/SP conduct a safety analysis of the SP line segment between Houston, Texas and Lewisville, Arkansas, to determine the need for installing an Automatic Block Signal (ABS) system or Centralized Traffic Control (CTC) System.

The post-merger operations of UP/SP on the Lewisville-Houston line will be changed significantly, reducing hazardous materials traffic on this line. The line will become part of the proposed directional operating plan. This will have the effect of rerouting the current northbound chemical traffic on this line to the parallel UP line which is controlled by CTC. (Rebuttal Verified Statement of R. Bradley King.) The directional operating plan, together with the rerouting of current chemical traffic can only reduce the risk of rail accidents on this line.

The adequacy of operating signals for a rail line is a matter solely within the jurisdiction of FRA. Accordingly, Applicants respectfully request that the mitigation be revised so as only to require UP/SP to comply with all authorized requests for information, directives, or orders from FRA relating to the adequacy of operating signals on this rail line segment.
Although the methodology used for the air quality calculations in the EA is the same or similar to the methodology used in the Environmental Report, the EA evaluated the impact on emissions only from increased rail operations on line segments and yards that experienced activity above the applicable thresholds. A correct and comprehensive analysis would also have incorporated all of the following changes in rail operations when determining the overall effect of the proposed merger on air quality within a given AQCR.

- Rail operations (rail segments, rail yards, intermodal and automotive facilities) with less than threshold increases in activity;
- Rail operations (rail segments, rail yards, intermodal and automotive facilities) that experience decreases in activity; and
- Truck to rail diversions.

Since, in each case for each AQCR, the EA fails to take into account any decreases in rail activity within that AQCR, it has incorrectly concluded that adverse impacts to air quality would result in all of the identified AQCRs. The problem with the EA's approach is shown by the following example.

Table 2-5 in Volume 1 of the Environmental Assessment identifies AQCR 24, which encompasses metropolitan Los Angeles, as experiencing an increase of 415.7
tons per year of NO2 as a result of the proposed merger. This estimate of emissions only takes into account rail operations that exceed the corresponding thresholds for rail segments, rail yards, and intermodal operations. When all the segments, rail yards, intermodal facilities, automotive facilities, and truck-to-rail diversions within AQCR 24 are accounted for in the NO2 emissions estimate, the projected increase in emission is only 66 tons per year. See Environmental Report, Part 1, Table 6 and Table 9.

The EA's air quality analyses that should be modified to take account of merger-related decreases in rail and truck activity are found in various parts of Volumes 1, 2, and 5. Applicants suggest that the most efficient way to recognize the offsetting effect of rail and truck activity decreases is to discuss that concept (as set forth above and in Applicants' Environmental Report) in Volume 1, Chapter 2.0 Overview of Operational Impacts.

The EA's recommended mitigation measure requiring UP/SP to consult with federal, state, and local agencies concerning any possible mitigation measures to reduce any potential adverse emissions may have resulted from the gross overestimation of emission increases. This recommended mitigation is included for almost all of the states where Applicants would operate, in spite of the fact that the overall net effect of the merger is to reduce emissions. This recommended mitigation measure would impose an unjustified and burdensome consultation and reporting

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2See pp 2-19, 3-13, 4-42, 5-26, 6-27, 7-12, 8-34, 9-14, 10-8, 11-4, 12-14, 13-10, 14-19, 15-16, 16-42, 17-11, 18-11, 19-7
requirement with an unspecified number of agencies. Moreover, UP/SP will be obligated to comply with all applicable laws and regulations relating to air emissions, and it will consult with appropriate agencies when specific merger-related issues or problems are identified. The proposed mitigation measure should be withdrawn.

Moreover, it should be recognized that essentially all air emissions that have been calculated in connection with rail operations are from locomotives and from trucks which serve intermodal facilities. Emissions from trucks are regulated by federal and state requirements. Emissions from locomotives have been the subject of extensive study and discussion by both the industry and U.S. EPA. The Association of American Railroads and locomotive manufacturers have been in negotiations with U.S. EPA to establish regulations reducing emissions. The current proposal, which is expected to be reflected in proposed regulations in 1996, would reduce emissions from new and reconstructed locomotives. The current proposal would reduce emissions from reconstructed locomotives by 33% beginning in 2000, and from new locomotives by 45% beginning in 2000, reaching emission reductions of 55% in 2010. There are today, however, only limited technical and operational mitigation measures available for reduction of emissions from railroad locomotives; meaningful mitigation is therefore not currently available. This provides an additional justification for deleting or revising this proposed mitigation measure.
GENERAL COMMENTS  Noise

Section 1.2.5, p. 1-25

Given the large number of rail line segments, rail yards, and intermodal facilities with increases in rail activity exceeding the applicable thresholds, the number of affected sensitive noise receivers is remarkably small. Nevertheless, the EA includes in its recommended mitigation measures for each of the affected states a condition that would require UP/SP to consult with appropriate state and local agencies to develop noise abatement plans, to advise SEA of the results of these consultations and to provide SEA with a copy of any resulting noise abatement plans. For many states, the EA recommends consulting with state and local agencies and developing a noise control plan even where noise assessment was not required (because the projected change is less than 2dBA), or where the assessment indicates no potential for impacts. Applicants are willing to consult with state and local agencies with respect to identified noise issues when they arise. However, particularly in view of the minimal increase in affected sensitive noise receptors which have been identified in the EA, the proposed blanket mitigation measure for each affected rail line segment, rail yard and intermodal facility is unwarranted and unnecessary. Moreover, it could impose a very significant burden if it were interpreted as requiring preparation of a description of existing and future noise levels and mitigation plans for hundreds of communities. The proposed mitigation

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3See pp 2-19. 3-13, 4-42, 5-26, 6-27, 7-13, 8-34, 9-14, 10-8, 11-14, 12-14, 13-10, 14-20, 15-16, 16-42, 17-11, 18-11, 19-7.
measures may also be inconsistent with the Noise Control Act, which preempts state and local regulation of noise from rail operations meeting federal regulatory standards. Those federal standards have been adopted to preclude the significant burdens on interstate commerce that would result if each state or local government could regulate noise emissions from rail operations.

Applicants should be required to address only specific noise issues in those communities where noise from rail operations exceeds federal regulatory limits or specific operations are seriously affecting sensitive areas.

SPECIFIC COMMENTS

Air Quality

For the reasons stated at pp. 10-11 above, the mitigation recommendations in Volume 1, ES, Chapters 1.0, 2.0, and Volume 2 should either be deleted or revised as follows: "UP/SP shall comply with all applicable laws and regulations relating to air emissions and shall consult with appropriate agencies when specific and significant issues or problems from merger-related emission increases are identified."

Noise

For the reasons stated at pp. 12-13 above, the mitigation sections in Volume 1 and each Chapter of Volume 2 should be revised as follows: "UP/SP shall consult with state and local agencies with respect to significant issues from merger-related increases in noise to sensitive receptors when they are identified." This addresses the issues raised in the General Comments above, including the fact that
there are numerous segments, yards, and intermodal facilities where no noise assessment was required or no noise impacts were projected.

**Transportation and Safety**

In Section 4.6, the EA references comments from East Bay Regional Park District, the counties of Butte, Placer, Shasta and Nevada, and the town of Truckee, all relating to the potential effects of increased rail traffic on vehicular traffic and safety. The EA (Section 4.8) recommends that UP/SP consult with these entities and communities and develop mutually agreeable mitigation plans.

The Rebuttal Verified Statement of Michael D. Ongerth discusses rail traffic in these communities, as well as past and current efforts to resolve issues of concern. (The pertinent parts of the Ongerth Statement are included in the Appendix.) In most cases, post-merger rail traffic will be less than traffic previously running on these lines in past years. The real problem is not the merger, but the growth of the communities and the corresponding increase in vehicular traffic. Applicants have initiated discussions with a number of communities to address merger-related increases in rail traffic and the potential effects on vehicular traffic and safety, and have proposed improvements to mitigate traffic-related impacts.⁴ Applicants will continue discussions with these communities, but it is unreasonable to require the development of "mutually agreeable" mitigation plans, and the submission of a plan to SEA for any community that has filed comments in this proceeding. The

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⁴A specific plan to construct grade separations in Truckee has been proposed and is currently being negotiated between UP/SP and the City.
EA’s suggested mitigation might also permit each local community to seek to extract unjustified concessions from UP/SP as a price for the community’s agreement to the mitigation plan. Also, the concessions demanded by some jurisdictions may be contrary to the interests of others, and one jurisdiction might refuse to agree to a mitigation plan unless UP/SP agreed to “export” a problem to a neighboring jurisdiction. A more reasonable recommendation is that UP/SP and these communities continue cooperative discussions, recognizing that resolution of traffic issues is primarily a matter for the local communities and states that will be obligated to pay for most of the costs of any grade separations or other crossing improvements that may be required.

Similar mitigation proposals are recommended in Section 5.8 (Cheyenne and Mesa Counties, Colorado), 6.8 (Whiteside County, Illinois), 8.8 (Abilene, Wichita and McPherson County, Kansas), 9.8 (Calcasieu Parish, Louisiana), and 15.8 (Salem and Clackamas County, Oregon). They likewise should be substantially revised as discussed above.

5For example, Wichita seeks a condition which would result in more trains operating through Kansas City, Missouri, Lawrence, Kansas, and other cities, and Sacramento seeks conditions that would force trains through Placer County.

6McPherson County, Kansas expressed concerns about adequacy of crossing protection in the cities of Hutchinson and McPherson. Abilene, Kansas expressed concern about police and fire services and access to the Dwight Eisenhower Library. Traffic in Abilene will increase by only one train per day. There are no comments from the City of Wichita reflected in the Environmental Assessment. Applicants are aware of concerns expressed by Wichita and the Kansas DOT about increased train traffic and congestion at grade crossings. Representatives of UP/SP have met with officials of Wichita to discuss proposed grade crossing improvements and grade separations. Applicants are also considering possible rerouting of trains.
The EA also recommends that UP/SP consider the need for a grade separation for Grand Junction Yard in Colorado. The number of trains and the volume of rail traffic in the Grand Junction area is projected to decrease sharply. Car activity at the Grand Junction Yard is projected to increase by approximately 22% only because the yard was temporarily closed during the base study period. There is no need for any mitigation measure at Grand Junction.

If SEA concludes that some mitigation measures are appropriate in this area, Applicants strongly recommend that the following should replace the EA’s recommendations found in Sections 4.8, 5.8, 6.8, 8.8, 9.8, and 15.8 that are described above:

"UP/SP shall consult with state and local governments with respect to traffic or safety issues that are identified as arising from merger-related increases in rail traffic, cooperate with investigations of grade crossing protection and comply with all rail/vehicle traffic standards and state/federal requirements."

In Section 12.8, the EA recommends that UP/SP conduct traffic safety studies in consultation with Sparks and Winnemucca, Nevada, and specify site specific mitigation, as appropriate, advise SEA of the consultations, and submit the final version of each study to SEA. As discussed in the Rebuttal Verified Statement of Michael D. Ongerth (see Appendix), the projected post-merger rail traffic through Sparks and Winnemucca will be less than historic SP traffic levels on these lines. Applicants have been involved in discussions with these communities and will
continue to cooperate to resolve safety issues related to merger-related rail traffic increases.

In Section 12.8, the EA recommends that UP/SP continue to cooperate with Reno in the development of a final plan to deal with rail/highway/pedestrian conflicts in downtown Reno and to negotiate a final agreement within one and half years after the effective date of the merger. If no agreement is reached, UP/SP would be required to construct a minimum of three grade separations and cooperate with the City in locating the grade separations. The EA also recommends that UP/SP study the safety and adequacy of pedestrian circulation in the downtown area and, if warranted, UP/SP shall construct two pedestrian grade separations. It also recommends that UP/SP study the adequacy of existing warning devices for at-grade crossings and upgrade the crossing protection as needed.

Mr. Ongerth’s Rebuttal Verified Statement contains a discussion of historic rail traffic volumes on the SP line through Reno and shows that post-merger rail traffic, including BN/Santa Fe, will be less than SP traffic through Reno in recent years. See Appendix. The Statement also discusses the history of Reno’s problem with vehicular congestion and traffic at grade crossings, which has been caused by the rapid growth of the City and the casinos in the central business district. Applicants have undertaken discussions with city and state officials and have developed a specific proposal for construction of grade separations in Reno and for improvements to grade crossing protection. Despite the apparent difficulties, Applicants are committed to continue discussions with city, county and state officials.
and are prepared to implement a reasonable mitigation plan for Reno consistent with the EA’s recommendation, with the following modifications. With respect to the mitigation relating to pedestrian traffic and adequacy of grade crossing signals, Applicants suggest that the city’s and state’s primary obligation under Nevada law for funding these improvements be recognized. Accordingly, each of the recommended mitigation measures should include language to the effect that UP/SP shall consult with the City of Reno concerning the financing of pedestrian grade separations and upgraded grade crossing warning devices and that SEA anticipates that the City would apply for shared funding for these improvements from appropriate State and federal sources.
VOLUME 3 ABANDONMENTS

GENERAL COMMENTS - Mitigation

The EA proposes recommended mitigation measures for each of the proposed abandonments in the following categories:

Land Use
Water Resources
Biological Resources
Historic and Cultural Resources
Safety
Transportation
Air Quality
Noise

Except as noted below and with respect to specific abandonments, in general the recommended mitigation measures appear to be appropriate and are measures Applicants would take in connection with the abandonment process.

Land Use Mitigation

In response to comments submitted by the Bureau of Indian Affairs, the EA recommends that Applicants consult with Indian Tribes "near abandonment sites."

In each subsequent Chapter of Volume 3, in the Section on SEA Recommended Mitigation, Land Use, the fourth paragraph requires that Applicant consult with "any potentially affected American Indian Tribes." As stated in comments to Volume 1, the Applicants interpret these mitigation measures as limited to Indian Tribal properties.
which are identified as contiguous to the ROW, or belonging to a Tribe that holds a reversionary interest in ROW if abandoned. Applicants are willing to consult with any Tribe that identifies itself as having a property interest as described above. However, if the EA has intended to cover Tribal properties that are not contiguous to the ROW, then it is unreasonably overbroad and should be clarified as indicated above. This comment affects Chapter 1.0, Section 1.3, and each subsequent Chapter in the Section on SEA Recommended Mitigation, Land Use, paragraph 4.

The EA recommends with respect to each abandonment: "UP/SP shall use appropriate technologies, such as silt screens, to minimize soil erosion during salvaging. UP/SP shall disturb the smallest area possible around streams and tributaries and shall revegetate disturbed areas immediately following salvage operations." In most cases, salvage operations will occur within the ballasted ROW, and will not disturb the contour of the ROW, causing little, if any, soil erosion. Applicants interpret the revegetation requirement as not requiring UP/SP to revegetate the entire ROW but only the areas where revegetation is required to control soil erosion. If the EA was intended to impose a broad revegetation requirement for any disturbed area, it would be unreasonably broad. Also in some cases, the ROW property may be reversionary and, once the track and ties are removed, UP/SP will lose its right to control the property.

The EA also recommends that UP/SP assure that all culverts are clear of debris to avoid potential flooding and stream flow alteration. So long as UP/SP retains its interest in the lines, it will maintain drainage structures; however, once
reversion occurs, or the line is sold, UP/SP will no longer be able to do so. UP/SP would recommend that these mitigation measures be amended to reflect the fact that UP/SP's obligations cease if the property reverts or is sold.

**Historic and Cultural Resources Mitigation**

For several proposed abandonments, the EA recommends that UP/SP retain its interest in and take no steps to alter eligible or potentially eligible historical or archaeological resource until the Section 106 process of the National Historic Preservation Act has been completed. See, e.g., p. 2-8.

As a general comment, UP/SP will cooperate with the SHPOs to document appropriately any identified historical resources, and will maintain its ownership in any eligible and potentially eligible historical and archaeological resources for a reasonable time after abandonment authority is granted. Applicants object to an open-ended requirement that it maintain any such resource until the Section 106 process is completed. Such a requirement could be unreasonably restrictive, and is beyond the acknowledged authority of the Board and the stated purpose of Section 10904 of the Interstate Commerce Act. See Implementation of Environmental Laws, 7 I.C.C.2d 807, 827, 829 (1991), and cases cited. Additional comments regarding specific historical and archaeological resources are included in discussions for applicable lines.

Suggested corrections and technical comments to Volume 3 are included as an Appendix to these comments.
CHAPTER 2.0  Arkansas

Section 2.1.4, p. 2-8

Gurdon-Camden  Historic and Cultural Resources

The EA recommends that UP/SP retain its interest in and take no steps to alter the through-plate girder bridge at MP 436.70 until the Section 106 process of the National Historic Preservation Act has been completed. UP/SP will cooperate with the SHPO to document potentially eligible historic resources; however, Applicants restate their objection (p. 21) to an obligation to maintain indefinitely any bridge pending completion of the Section 106 process.

CHAPTER 3.0  CALIFORNIA

Section 3.2.4, p. 3-18

Magnolia Tower-Melrose  Historic and Cultural Resources

The EA identifies the Magnolia Interlocking Tower and the WP Oakland Depot as potentially eligible for listing on the NRHP and SEA has recommended that UP/SP retain its interest in and not alter Magnolia Tower or WP Oakland Depot until the Section 106 process is completed. UP/SP will cooperate with the SHPO to document these structures; however, Applicants restate their objection (p. 21) to an obligation to maintain indefinitely any structure pending completion of the Section 106 process.
Alturas-Wendel Historic and Cultural Resources

In Section 3.3.3, the EA states that 30 prehistoric sites have been recorded on or adjacent to ROW, that 16 include historic components, 9 are eligible for listing on the NRHP. The EA recommends in Section 3.3.8, p. 3-34 that UP/SP retain ownership in and not alter the integrity of 9 eligible and 11 potentially eligible prehistoric sites until the Section 106 consultation process has been completed. Applicants restate their objection (p. 21) to an obligation to maintain indefinitely any site or structure pending completion of the Section 106 process.

In addition, any prehistoric sites within the ROW would in most cases have been disturbed during the original construction of the line. Salvage of the rail line, as described in Section 1.2.1 of the EA, would be significantly less intrusive than the original construction. The EA concludes that, "Salvage of the lines would add little, if any, disturbance to existing conditions." Applicants agree with that conclusion. UP/SP will cooperate with SHPOs in their efforts to identify eligible prehistoric sites on the ROW and will grant access to the ROW to any SHPO to identify sites or to observe any salvage activity that could potentially affect the sites. However, Applicants object to any requirement that they not alter or dispose of assets pending completion of the Section 106 process.
The following comments are addressed to the EA’s Recommended Mitigation measures for Historical and Cultural Resources and Safety Issues and the comments filed by governmental agencies and other parties.

As an initial matter, Applicants refer SEA to the letter dated March 21, 1996 to the Board from Roy Romer, Governor of the State of Colorado, in support of the proposed UP/SP merger. (A copy of the letter is in the Appendix.) The letter reflects the agreement between Applicants and the State of Colorado. Applicants have agreed to maintain service on all three rail lines in Colorado proposed for abandonment for a minimum of six months following the merger. In addition, Applicants have promised to delay the removal of track on all three rail lines until upgrades of other lines will permit abandonment and, at a minimum, for a period of 12 months after merger. Also, Applicants have agreed to sell all or any part of the three rail lines for net liquidation value to the State or its designee within the first twelve months following the merger.

The EA recommends that UP/SP retain its interest in and take no steps to alter the DRGW line from Sage to Cañon City, including the Leadville branch, until the Section 106 process of the National Historic Preservation Act has been completed. This mitigation measure is apparently responsive to a comment from the Colorado Historical Society that the branch line from Malta to Leadville has been
determined to be eligible for listing on the NRHP and that the SHPO has determined that the main line from Sage to Cañon City via Malta, including all bridges, tunnels and appurtenances more than 50 years old, is also eligible for the NRHP.

Applicants object to this proposed mitigation as unreasonable. First, it would prevent the prompt transfer of any part of the Sage-Cañon City line to the State or its designee, in violation of UP/SP’s Agreement with the State of Colorado. Second, it might be interpreted to prevent the routine maintenance of these lines during the period that the lines are needed for operations of the merged carrier. Third, a condition which obligates UP/SP to hold the line until such time as the Section 106 process is completed prevents the railroad from using its property for a non-rail purpose, such as a recreational trail. Under these circumstances, such a condition would constitute an unauthorized taking of the Applicants’ property under the Fifth Amendment. See Implementation of Environmental Laws, 7 I.C.C.2d at 829 n. 47. Fourth, the proposal exceeds the Board’s jurisdiction, which is limited to the documentation of historic resources in the proposal under review. Id.

Fifth, the Colorado Historical Society’s position that the entire line from Sage to Cañon City is an historical resource is subject to serious question. Based on their age, some of the bridges and perhaps other structures on the Sage to Cañon City line are potentially eligible for the NRHP, but the rail line itself would appear to be neither historic nor potentially eligible for the NRHP. The description of the line confirms that the line as currently constructed and operated bears little resemblance to the line as originally constructed as a narrow gauge railroad by the Denver & Rio
Grande Railway in the 1880's. Over the years the line has been converted to standard gauge and, as indicated in the EA, DRGW conducted a major reconstruction to improve the alignment of the line in the late 1920's. The existing track structure is of recent construction, consisting largely of continuous welded rail laid within the last twenty years and heavy creosote-treated ties, little resembling the original lightly constructed narrow gauge line.

Sixth, the history of this line is already extremely well documented. See for example G. Hilton, *American Narrow Gauge Railroads* at 344, Stanford University Press, 1990, and references cited therein.

Seventh, given Applicants' agreement with the State of Colorado, the Colorado SHPO will have a significant period post-merger in which to document further any of the historical resources on these lines. UP/SP will cooperate with the documentation process. Any condition, however, which would prevent UP/SP from transferring the rail lines upon expiration of its agreement with the State is clearly unreasonable, if not unconstitutional, and should be modified accordingly.

Sections 4.1.4, p. 4-10; 4.2.4, p. 4-25

Sage-Leadville, Malta-Cañon City Safety

SEA, as well as Applicants, received a number of comments relating to possible environmental contamination and existing CERCLA sites on or adjacent to the Sage to Cañon City line, including the Leadville branch. Comments were filed by the Rails to Trails Conservancy, Viacom, the US Department of Agriculture, the US Department of Interior, the Colorado Department of Public Health and Environment
and US EPA Region VIII, Eagle, Chaffee and Fremont Counties, Colorado, the Leadville Coalition and others. These comments include requests that UP/SP be required (a) to undertake further assessments and remediation of the lines and adjoining properties, prior removal of hazardous or toxic wastes, (b) suggestions that an environmental impact statement is required, or that abandonments be deferred pending completion of a consent decree by EPA, and (c) expressions of concern about CERCLA sites and SP’s obligations under consent orders.

Requests that any abandonment or the merger itself be conditioned upon the implementation of a remedial investigation, risk assessment, or remediation of any of the affected lines are clearly not warranted, and go well beyond the jurisdiction of the Board. Any existing environmental problems are not merger-related, and any obligations of UP/SP to investigate or remediate are governed by federal and state laws. There is no requirement or justification for the Board to impose any such conditions.

The EA recommends as a mitigation measure that UP/SP consult with US EPA Region VIII prior to conducting any salvage activity for the entire line and that UP/SP, in consultation with EPA, develop a risk assessment and remediation plan, advise SEA of the results of its consultation, and provide SEA with a copy of the EPA-approved mitigation plans. See p. 4-16. As previously indicated, the agreement between UP/SP and the State of Colorado will prevent the salvage of any of the rail lines proposed for abandonment until at least one year following merger. In the event that any part of the rail line between Sage and Cañon City is not used for rail
operations and is proposed for conversion to a non-rail use or will be salvaged, UP/SP is willing to consult with EPA and the Colorado Department of Public Health and Environment to develop an appropriate risk assessment plan which will address the risks associated with such use or with salvage operations. Although UP/SP will, under the terms of the merger, honor any obligations and agreements of SP with respect to any consent orders or obligations relating to investigation or remediation of environmental contamination, there is no basis for imposing any further obligations regarding investigation or remediation of existing sites.

UP/SP will also take reasonable steps to provide access to Viacom or any other party that currently is obligated to undertake investigation or remediation of any site where access is gained via the railroad ROW. UP/SP agrees that, so long as it is in possession of the rail line, it will maintain access roads which are essential to any remediation efforts.

CHAPTER 5.0 ILLINOIS
Section 5.2.8 as amended by Errata

DeCamp-Edwardsville Historic and Cultural Resources

The EA identifies a concrete arch structure at MP 132.47 as potentially eligible for listing on the NRHP see p. 5-20. The EA recommends that UP/SP retain its interest in and not alter the bridge at MP 132.47 until the Section 106 process is completed.

Applicants will cooperate with the SHPO to document any potentially eligible historic resource on this line. However, Applicants restate their objection (see
p. 21) to an obligation to maintain indefinitely any bridge or other structure pending completion of the Section 106 process.

Section 5.3.4 p. 5-32 as amended by Errata

Barr-Girard Historical and Cultural Resources

The EA identifies three deck truss bridges and two concrete arch bridges at MP 82.12 and MP 87.04 as potentially eligible for listing on NRHP. The EA recommends that UP/SP prepare written documentation on the history of the deck truss bridges and concrete bridges and submit it to Illinois SHPO and to retain its interest in and not alter the bridges until the Section 106 process is completed.

Applicants will provide available documentation concerning these bridges to the Illinois SHPO. (See p. 21). However, Applicants restate their objection to an obligation to maintain indefinitely any bridge pending completion of the Section 106 process.

CHAPTER 8.0 Texas

Section 8.1.8, p. 8-13

Seabrook-San Leon Historical and Cultural Resources

The EA identifies two through-plate girder bridges at MP 31.99 and 38.77 as potentially eligible for the NRHP. The EA recommends that UP/SP retain its interest in and not alter the two through-plate girder bridges until the Section 106 process is completed.

Applicants are willing to cooperate with the SHPO to document these bridges but Applicants restate their objection (see p. 21) to an obligation to maintain
indefinitely any bridges pending completion of the Section 106 process.

The EA also recommends that Applicants continue consultation with the Texas SHPO to determine the need for a recovery and treatment plan for three known archaeological sites. Applicants restate their objections set forth in their comments on archaeological sites on the Alturas-Wendel line; see p. 23 above.

Section 8.2.8, p. 8-27

**Suman-Benchley Historical and Cultural Resources**

The EA identifies three deck plate girder bridges at MPs 109.73, 112.96, and 117.55 as having undergone alteration. NRHP eligibility is awaiting SHPO concurrence. The EA recommends that UP/SP retain interest in and not alter three deck plate girder bridges until the Section 106 process is completed.

Applicants are willing to cooperate with the SHPO to document these bridges but restate their objections (see p. 21) to requiring UP/SP to maintain indefinitely any bridge pending completion of the Section 106 process.

The EA also recommends that UP/SP continue Section 106 consultation with the Texas SHPO for known archeological sites. Applicants restate their objections set forth in their comments on archeological sites on the Alturas-Wendel line.

The EA recommends that, prior to the start of abandonment activities in areas containing copper slag ballast, UP/SP shall consult with TNRCC as necessary to assess procedures necessary to address this issue. See p. 8-27. Applicants are
not aware that copper slag ballast is present on this line, but are willing to consult with TNRCC as appropriate.
GENERAL COMMENTS Mitigation

The EA proposes recommended mitigation measures for:

- Land Use
- Water Resources
- Biological Resources
- Historic and Cultural Resources
- Safety
- Transportation
- Air Quality
- Noise

Except as noted below, in general the recommended mitigation measures appear to be measures that UP/SP would take for construction projects of these types.

**Land Use Mitigation**

The fourth recommended mitigation for Land Use for each construction project requires that Applicants consult with Indian Tribes "potentially affected."

Applicants interpret this request, as discussed in comments to Volume 3, to require consultation only with those American Indian Tribes whose property is on or contiguous to the construction site. SEA may want to clarify this recommendation accordingly.

This comment affects Section 1.2.8 of Chapter 1.0, and the Section on SEA Recommended Mitigation in each subsequent Chapter.
Water Resources Mitigation

The EA recommends that "UP/SP shall use Best Management Practices to control erosion, run off, and surface instability during construction, including seeding, fiber mats, straw mulch, plastic liners, slope drains and other erosion control devices. Once the track is constructed, UP/SP shall establish vegetation on the embankment slope to provide permanent cover and prevent potential erosion. If erosion develops, UP/SP shall take steps to develop appropriate erosion control procedures."

This condition is inappropriate for some projects. In many cases, erosion is controlled by ROW ballast; vegetation is eliminated as a maintenance and safety problem. In those cases where embankments are being constructed, UP/SP will comply with all applicable permitting and erosion control laws and regulations and confer with appropriate governmental agencies. Applicants recommend that the mitigation measure be modified to address their concerns about erosion control and to eliminate confusion about unnecessary or counterproductive construction and maintenance requirements.

Specific comments with respect to individual projects are discussed below.

CHAPTER 2.0 Arkansas

Section 2.2.1, p. 2-13

The connection is proposed for the southeast quadrant, not southwest.
Section 2.3.8 p. 2-35 and 2.4.8, p. 2-47

For Transportation mitigation, the EA recommends that UP/SP provide final plans to Arkansas DOT and appropriate local agencies for review. The EA does not recommend this mitigation measure for projects in any other states. UP/SP will consult with appropriate agencies where permitting or other environmental or land use requirements apply. However, Applicants are not aware that any project proposal for Arkansas would involve construction over an existing highway or other areas within the jurisdiction of Arkansas DOT. Applicants recommend that this mitigation measure be deleted.

CHAPTER 3.0 California

Section 3.4.8, p. 3-46

The area of the proposed construction is entirely within the Ldn 65 dBA noise contour and no nighttime noise sensitive receptors are present; however, the EA recommends noise mitigation to "control excessive wheel squeal." This might be interpreted to require use of rail lubricators. However, such steps should not be required unless conditions demonstrate that they are necessary to abate an identified noise violation. Also, noise monitoring is an excessive mitigation requirement in this case. Applicants recommend that the Noise Mitigation, paragraph 2 on page 3-46, be modified to: "UP/SP shall respond to requests to investigate wheel noise, if requested."
CHAPTER 4.0  Colorado

Section 4.1.1, p. 4-1

The proposed construction at the Denver North Yard location is approximately 3,100 feet, not 3,650, in length and will require acquisition of approximately four acres, not one acre.

Section 4.2.3, p. 4-14

The Water Resources paragraph should be modified to reflect the fact that the Denver (Pullman) proposed siding extension will not cross the South Platte River. Only the existing SP Belt Line, which will be upgraded (the connection), crosses the South Platte River; however, all work involving the floodplain or riverbed was completed in 1994. The proposed upgrade will involve only work on the deck. The words "rail siding extension and" should be deleted from the first line of the paragraph.

Section 4.2.8, p. 4-24

The EA's Recommended Mitigation for Water Resources, paragraph 5, on page 4-24 should be deleted. As described above, no modifications to the South Platte River bridge will require hydrologic or hydraulic analyses. Only upgrade work on the bridge deck will be performed.

CHAPTER 8.0  Missouri

Section 8.1.1, p. 8-1

The proposed construction at Dexter is a 2,100 foot long siding extension, not 8,900.
Section 8.2.1, p. 8-12

The proposed construction at Parent is an 8,000 foot long siding extension, not 8,600.

Chapter 9.0 TEXAS

Section 9.1

Westpoint is 145 miles south of Waco, not Amarillo.

Section 9.2

Lines in the area of Houston (Tower 26) include the SP mainline, not HB&T.
APPENDIX
## CORRECTIONS TO TABLE ES-3

### Rail Line Segments that Meet or Exceed Environmental Analysis Thresholds

<table>
<thead>
<tr>
<th>STATE</th>
<th>LOCATION</th>
<th>Trains per day Pre-Merger</th>
<th>Trains per day Post-Merger</th>
<th>Trains per day Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>Stockton (Lathrop) to Sacramento - Operator is SP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oakland to Martinez</td>
<td>27</td>
<td>32.3</td>
<td>7.1</td>
</tr>
<tr>
<td></td>
<td>West Colton to Yuma AZ</td>
<td>16</td>
<td>21.5</td>
<td>5.2</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Avondale to Lafayette</td>
<td>16</td>
<td>16.3</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Livonia to Kinder</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>Eugene to Portland</td>
<td>57.8</td>
<td>21.5</td>
<td>36.3</td>
</tr>
<tr>
<td>Texas</td>
<td>Big Sandy to Texarkana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wyoming</td>
<td>Granger to Green River</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CORRECTIONS TO TABLE ES-7

Rail Line Construction on New Rights of Way

<table>
<thead>
<tr>
<th>State</th>
<th>Location</th>
<th>Description of Proposed Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>Pine Bluff (West)</td>
<td>Approximately 1,000 feet of new track</td>
</tr>
<tr>
<td>Colorado</td>
<td>Denver</td>
<td>Approximately 3,100 feet of new track construction</td>
</tr>
<tr>
<td>Kansas</td>
<td>Hope</td>
<td>Approximately 2,200 feet of new track construction</td>
</tr>
<tr>
<td>Missouri</td>
<td>Dexter, Paront</td>
<td>2,062 foot extension, 8,000 foot extension</td>
</tr>
</tbody>
</table>
CORRECTIONS TO VOLUME 1

Page 3-6, MP for Leadville is 276.1

Page 3-6, Length of Sage to Leadville line is 69.1 miles

Page 3-8, Length of Hope to Bridgeport line is 31.24 miles

Page 3-9, Length of Suman to Benchley line is 13.1 miles
Corrections to Volume 3

Page 1-7, first paragraph under Safety, second line - Safety impacts associated with the proposed abandonments should be limited to "disturbance of hazardous," and not "creation or disturbance of hazardous."

Page 10-7, third paragraph - The EA does not define orphan or unmappable hazardous sites. Those types of sites should be defined.

Page 3-4, first paragraph under Historic and Cultural Resources, first line - typographical error - "191" should be corrected.

Page 3-4, same paragraph as above, third line - the milepost for the bridge over Whittier Blvd. (3.05) should be included. There is an inconsistency with the date of construction. The ER (and UP's bridge report) listed the date of construction as 1933, not 1930.

Page 3-4, same paragraph - There is also a bridge at MP 3.00 (1917). Two bridges are mentioned in the impacts section (page 3-7). As such, the second bridge should be mentioned in this section also.

Page 4-4, first paragraph under Threatened and Endangered Species, eighth line - Reports of black-footed ferret occurrence along this abandonment are historic only. This species does not currently occur in Colorado.

Page 4-9, first paragraph, under Threatened and Endangered Species, sixth line (and elsewhere) - Change "Colorado Department of Natural Resources" to "Colorado Division of Wildlife."

Page 4-18, last two lines on the page - Reports of occurrences of black-footed ferrets along this proposed abandonment are historic only.

Page 4-28, first bullet item under Suggested Mitigation - Three superfund sites are referred to along the Malta to Cañon City abandonment. However, the Existing Environment sections of the EA and the ER both refer to only two superfund sites.

Page 4-31, first paragraph under Land Use, sixth line - There appears to be a word missing at the end of the sentence "herbaceous, shrub and brush, and mixed."

Page 4-32, first paragraph under Threatened and Endangered Species - Reports of occurrences of black-footed ferret are historic only.

Page 10-4, first paragraph under Historic and Archaeological Resources - Throughout the EA, the terms "archaeological" and "cultural" are used interchangeably. For consistency, one term or the other should be used, not both.
Page 10-5, in-text table, entry for Historic and Archaeological Resources - Change "Sites" to "Properties." "Sites" has a specific meaning under NRHP that does not include all the types of historic properties. This comment applies to all the tables in the Summary.

Page 10-7, in-text table, entry under Historic and Archaeological Resources - One site is listed, yet two buildings are listed on Page 3-22. The discrepancy should be resolved.

Page 10-9 and Page 10-10, in-text tables, entries under Historic and Archaeological Resources - Change the word "Sites" to "historic properties" to reflect NRHP usage of terms.
March 21, 1996

Vernon Williams, Secretary
Interstate Commerce Commission/Surface Transportation Board
U.S. Department of Transportation
400 Seventh St. S.W.
Washington, D.C. 20590

RE: ICC Finance Docket No. 32760
PROPOSED CONSOLIDATION, et. al.

Dear Secretary Williams:

This letter and attachments serve as the official comments of the State of Colorado ("State" or "Colorado") regarding the merger application submitted to the Interstate Commerce Commission by the Union Pacific and Southern Pacific railroads, ICC Finance Docket 32760.

Based on the agreements and commitments outlined in this letter, the State of Colorado supports the merger of the Union Pacific and Southern Pacific Railroads. Given the assurances which Union Pacific ("the Railroad") has provided me, I feel Colorado will be in a favorable position following this merger. This letter outlines the Railroad’s commitments in the areas of jobs, competition, and abandonments.

As you know, Colorado in many ways would experience more serious impacts from the proposed merger than any other state. Colorado is the heart of the Southern Pacific (former Denver and Rio Grande Western Railway) system. Colorado faces the potential loss of over 2000 jobs, our communities will experience the abandonment of over 300 miles of railroad lines – close to 50% of all abandonments identified in applicants’ merger application, and our shippers are among those most directly affected by the combination of the two major rail competitors in the Central Corridor between Kansas City and Stockton, California. However, the Union Pacific and Southern Pacific, dealing in good faith with my office, have made a number of commitments to the State which have convinced me that this merger will be in the best interests of Colorado. These commitments are detailed below. Taken together, they provide the basis for the State’s support of the merger application.

In the area of jobs, I understand that Union Pacific is not willing or able to make final determinations regarding the make-up of its workforce in the merged system. Nevertheless, the Railroad has represented to the State that they will maintain a minimum
presence of 1400 jobs within the state following the merger. They also have worked with my office to negotiate mutually acceptable criteria for determining the eventual location of all employees in the combined system. I am satisfied that these commitments are genuine, and I appreciate the railroad's willingness to work with the state on these issues.

On the issue of competition, the Union Pacific has made good-faith efforts to alleviate concerns of shipping clients in Colorado. Individual shippers with concerns about the impacts of the merger on their business have been approached by the Union Pacific, and many have struck mutually acceptable agreements with the Railroad in order to satisfy their concerns. 40 of 61 shippers in Colorado have indicated their support of the merger, and 31 of these are officially on record. Only 5 have filed opposition. In addition, they have committed to postponing the removal of any track to be abandoned in Colorado until the $90 million in improvements referenced in applicants’ Operating Plan (cite) are complete, and at a minimum for 12 months. This commitment will help ensure that increased traffic along the Moffat Tunnel route post-merger does not negatively impact Colorado shippers. Nationally, the UP-SP and BN-SF railroads have negotiated a series of joint trackage rights agreements, which if properly constructed and adhered to, would provide for enhanced competition and service across the country and in Colorado.

Regarding abandonments, the merger application contains petitions for abandonment or exemption for three railroad lines in Colorado: 122 miles from NA Junction to Towner; 109 miles from Canon City to Malta; and 69 miles from Sage to Leadville. The Union Pacific has made several commitments to the state to help alleviate the impacts of these actions. First, the Railroad has agreed to maintain service on all three corridors for 6 months following the merger. Second, as noted above, the Railroad has promised to delay the removal of track along all three corridors until planned track upgrades are complete. Third, the Railroad has agreed to sell part or all of the railroad track in any of those three corridors for its Net Liquidation Value to the State or its designee within the first 12 months following the merger. I recognize the significance of these commitments by the Railroad, and I appreciate their willingness to make them. These commitments will go far toward satisfying the legitimate concerns of Colorado communities regarding the loss of their local railroad access.

The Union Pacific has made several additional commitments to the State regarding the possibility of converting abandoned corridors to trails, in the event that the track in those corridors is eventually removed. First, the Union Pacific has agreed to sell the 350 miles of Right-of-Way along all three corridors, including connecting access along the corridor between Pueblo and Canon City, for no more than the Net Liquidation Value. Second, UP has committed to work with Colorado and any third party identified by the State to develop a trail along those corridors. Third, the Union Pacific has committed to discussing exchanging land with the State in order to further reduce the cost to the State of developing a trail along those corridors. These commitments are detailed in a Letter of Intent between the State of Colorado and the Union Pacific Railroad (see Attachment A).

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1 With the exception of the 5-mile spur between Malta and Leadville. A separate agreement regarding this spur has been negotiated between the City of Leadville and the Union Pacific.
I recognize the significance of these commitments as well, and in particular the unprecedented nature of the railroad’s commitment to discussing land exchanges. The Union Pacific and Southern Pacific have worked closely with my office to develop these agreements.

Further, the Union Pacific has agreed to work with the Colorado Attorney General and the State to identify environmental issues associated with these corridors and the railroad’s liability for these issues. The State of Colorado shares the concerns referred to in the Comments submitted by the Colorado Department of Public Health and Environment.

Finally, the State wishes to establish interim trail use and rail banking for the right-of-way within the corridors targeted for abandonment in the merger application. Three Statements of Willingness to Assume Financial Responsibility are attached (see Attachments B, C, and D).

The State believes Union Pacific and Southern Pacific have negotiated in good-faith to satisfy Colorado’s concerns regarding the proposed merger. As detailed above, they have made several notable commitments to the State regarding circumstances in Colorado after the merger. Based on those agreements and commitments, I support their merger application.

Thank you for your consideration.

Sincerely,

Roy Romer
Governor
Letter of Intent
between
The State of Colorado and Union Pacific Railroad Company

Concept:

The State of Colorado and the Union Pacific Railroad enter into a letter of intent to systematically explore how opportunities, occasioned by the railroad's abandonment of the Tennessee Pass and Towner-NA Junction lines, can be maximized for the people of Colorado. A cooperative process will be put in place allowing both the issues of recreational trail development and alternative rail service to be explored over the next year.

Goal #1 Hold lines "harmless" for period of time so that alternative rail service can be explored.

- The UP will continue to serve active shippers on both routes for at least six months after merger, and in any case until improvements referenced in the Operating Plan are completed on the KP line east of Denver so as to avoid congestion on the Moffat system. At a minimum, rail will be left in place for at least one year after merger while other rail options are explored. This schedule can be modified by mutual agreement of the State of Colorado and the UP.

- The UP will work cooperatively with state and local officials during this period and provide technical assistance to assist in their evaluation of future rail potential.

- Where appropriate and upon a request from the Governor, the UP will participate in any segment-specific task force.

- For 12 months after merger, if a viable rail service option develops, the UP will sell that route to the new entity for net liquidation value.

Goal #2 Explore the potential of a 350 mile recreational trail from the Kansas border to Denver.

- The UP will participate in a recreational trails working group which will work toward development of the Plains-to-Mountains recreational trail. During the time it is participating in the working group, the UP agrees to maintain the integrity of the corridors so that a trail option remains viable.
The working group will be headed by the Department of Natural Resources and will include agencies identified by the state, and in consultation with the UP, third party subject matter experts.

The working group will conduct a review of the two lines and identify recreational opportunities, ongoing liability issues and any potential problems presented by a trail system.

The working group will review segments of the Tennessee Pass and Townie-to-NA Junction possessing a credible opportunity for ongoing rail service in order to determine how such rail activities can co-exist with a recreational trail.

The UP agrees to review the line segment between Canon City and NA Junction to determine if trail activities can co-exist with any anticipated railroad activities.

The UP agrees that the most acquisition of the right-of-way will cost for use as a recreational trail will be the net liquidation value. This amount is estimated to be $902,000 Sego - Leadville $378,000 Malta - Canon City $450,955 NA Townie, for a total of $1,730,955.

The working group will explore mutually agreeable ways to reduce the costs of a rail-trails acquisition through land exchanges between the State of Colorado and the UP. One possible example is at the SP's North Yard facility in Metro Denver which is partially located on land owned by the state. Consideration of land exchanges could also go beyond the Tennessee Pass and Townie-NA Junction routes. In any case, land exchange opportunities are not viewed as "deal breakers" in developing a trail system.

The working group would coordinate its activities with the Colorado Department of Public Health and Environment, Attorney General, other state agencies, the U.S. Environmental Protection Agency, and other federal/local agencies to clarify potential environmental issues and lines' long-term responsibilities.

This letter of commitment is entered into this 21st day of March, 1996.

Roy R. Romer
Governor

Richard K. Davidson
Chairman
Union Pacific Railroad Company
BEFORE THE SURFACE TRANSPORTATION BOARD

The Denver and Rio Grande Western Railroad Company -- Discontinuance Exemption -- Sage-Leadville Line in Eagle and Lake Counties, Colo. AB-8 (Sub-no. 36X)

Southern Pacific Transp. Co. -- Abandonment Exemption -- Sage-Leadville Line in Eagle and Lake Counties, Colo. AB-12 (Sub-no. 189X)

Statement of Willingness to Assume Financial Responsibility

In order to establish interim trail use and rail banking under 16 U.S.C. 1247 (d) and 49 CFR 1152.29, the State of Colorado, acting by and through its Parks and Recreation Department (hereinafter “State” or “interim Trail User”), is willing to assume full responsibility for management of, for any legal liability arising out of (unless the user is immune from liability, in which case it need only indemnify the railroad against any potential liability), and for the payment of any and all taxes that may be levied or assessed against the right-of-way owned and operated by Southern Pacific Transportation Company (“Railroad”), with trackage rights held by The Denver and Rio Grande Western Railroad Company (“DRG”). The property extends from MP 271.0 near Malta to MP 276.1 near Leadville, and from MP 335.0 near Sge to MP 271.0 near Malta, a distance of approximately 69.1 miles in Eagle and Lake Counties, Colorado. The right of way is part of a line proposed for abandonment in Docket AB-12 (Sub-no. 189X), and for discontinuance of trackage rights in Docket AB-8 (Sub-no. 36X).

A map depicting the property is attached.

State acknowledges that use of the right-of-way is subject to the user’s continuing to meet its responsibilities described above and subject to possible future reconstruction and reactivation of the right-of-way for rail service. A copy of this statement is being served on the Railroad (which appears jointly represented with DRG) on the same date it is being served on the Commission through its inclusion with the State of Colorado’s comments in Finance Docket No. 32760.

Name: Jared Boigon
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Tel: (303) 866-2155
STATE OF COLORADO

EXECUTIVE CHAMBERS
136 State Capitol
Denver, Colorado 80203-1792
Phone (303) 866-2471

BEFORE THE SURFACE TRANSPORTATION BOARD

The Denver and Rio Grande Western Railroad Company -- Discontinuance AB-8 (Sub-no. 39)
Exemption -- Malta-Canon City Line in Lake, Chaffee & Fremont Counties, Colo.

Southern Pacific Transp. Co. -- Abandonment Exemption -- Malta-Leadville Line in Lake, Chaffee and Fremont Counties, Colo. AB-12 (Sub-no. 188)

Statement of Willingness to Assume Financial Responsibility

In order to establish interim trail use and rail banking under 16 U.S.C. 1247 (d) and 49 CFR 1152.29, the State of Colorado, acting by and through its Parks and Recreation Department (hereinafter “State” or “interim Trail User”), is willing to assume full responsibility for management of, for any legal liability arising out of (unless the user is immune from liability, in which case it need only indemnify the railroad against any potential liability), and for the payment of any and all taxes that may be levied or assessed against the right-of-way owned and operated by Southern Pacific Transportation Company (“Railroad”), with trackage rights held by The Denver and Rio Grande Western Railroad Company (“DRG”). The property extends from MP 271.0 near Malta to MP 162.0 near Canon City, a distance of 109.0 miles in Lake, Chaffee and Fremont Counties, Colorado. The right of way is part of a line proposed for abandonment in Docket AB-12 (Sub-no. 188), and for discontinuance of trackage rights in Docket AB-8 (Sub-no. 39).

A map depicting the property is attached.

State acknowledges that use of the right-of-way is subject to the user’s continuing to meet its responsibilities described above and subject to possible future reconstruction and reactivation of the right-of-way for rail service. A copy of this statement is being served on the Railroad (which appears jointly represented with DRG) on the same date it is being served on the Commission through its inclusion with the State of Colorado’s comments in Finance Docket No. 32760.

Name: Jared Boigon
Title: Policy Analyst, Office of the Governor
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BEFORE THE SURFACE TRANSPORTATION BOARD

Missouri Pacific Railroad Company                      )  AB-3 (Sub-no. 130)
-- Abandonment – Towner - NA                           )
Junction Line in Kiowa, Crowley,                        )
and Pueblo Counties, Colo.                              )

Statement of Willingness to Assume
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potential liability), and for the payment of any and all taxes that may be levied or assessed
against the right-of-way owned and operated by the Union Pacific Railroad (“Railroad”).
The property extends from MP, a distance of approximately 122 miles in Kiowa, Crowley,
and Pueblo Counties, Colorado. The right of way is part of a line proposed for
abandonment in Docket AB-3 (Sub-no. 130).

A map depicting the property is attached.

State acknowledges that use of the right-of-way is subject to the user’s continuing
to meet its responsibilities described above and subject to possible future reconstruction
and reactivation of the right-of-way for rail service. A copy of this statement is being
served on the Railroad on the same date it is being served on the Commission through its
inclusion with the State of Colorado’s comments in Finance Docket No. 32760.

Name: Jared Boigon
Title: Policy Analyst, Office of the Governor
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REBUTTAL VERIFIED STATEMENT

OF

R. BRADLEY KING

I am Brad King, Vice President-Transportation at UP. Michael D. Ongerth of SP and I previously submitted a verified statement in this proceeding that described the UP/SP Operating Plan and its benefits for shippers and transportation efficiency. In this rebuttal verified statement, I will respond to some of the comments on the Operating Plan from other parties, and offer my own comments on some of the requests for conditions and applications for trackage rights. My comments will concentrate on UP territory and the South Central corridor from St. Louis and Memphis to Texas and Mexico. Mr. Ongerth will provide a separate statement that discusses some of the other comments and requests for conditions, particularly those involving SP territory and the Central Corridor.

I have organized my comments under the following seven headings:

- UP/SP's Commitment to the Operating Plan (p. 2), in which I explain that UP management will indeed implement the proposed plan, or something very close to it.

- BN/Santa Fe's Ability to Provide Competitive Service (p. 5), where I will explain why BN/Santa Fe will be a fully effective competitor against UP/SP.

- Directional Running (p. 17), in which I will show, based on actual UP experience and Conrail evidence, that our planned operations in the South Central corridor will improve service and that the uninformed expressions of worry are baseless.

- Divestitures (p. 25), where I will explain why proposals to divest SP's South Central corridor routes would pervasively degrade service to shippers.

- UP Service Quality (p. 35), where I will provide an update on UP’s continuing service improvements from the difficulties of last fall.

- UP/SP’s Capacity to Transport Coal (p. 42), where I will explain UP’s plans to spend more than a three quarters of a billion dollars to expand its coal routes to the Midwest, whether or not this merger is approved.
Primarily Directional Operations
Kansas City Area

Kansas City
Northbound UP Trains

Southbound UP Trains

Eastbound UP & SP Trains

Westbound UP & SP Trains (Amtrak Trains in Both Directions)

Fairly Directional Operations
Coffeyville

Northbound UP Trains

Southbound UP Trains

Van Buren crews

Kansas City crews

Trackage rights on BN/Santa Fe
limit from origin to destination are the victims of UP "discrimination." His study here is flawed as well. He predicts that the biggest "jams" will be in the Angleton, Texas, area, because he believes that there is no place for trains to pass each other. He overlooked our substantial freight yard at Angleton, including a CTC-controlled second track, even though it is shown in his workpapers. We have a lot of local traffic at Angleton, but we have plenty of room for trains to meet there.

The "jam" study also assumes that all the train movements on the UP line have equal priority. In fact, most of the movements are road switchers -- another name for locals. We keep road switchers out of the way of the through trains, such as the BN/Santa Fe trains, because the through trains have priority.

**DIRECTIONAL RUNNING**

In the crescent from St. Louis to Texas, the Operating Plan calls for primarily directional operations. In general, SP lines will be dedicated to southbound traffic, while UP lines will carry mostly northbound traffic. I find it difficult to understand why any knowledgeable operating officer would disagree with this proposal, which will eliminate the most obvious causes of delay in rail operations and will allow us to provide greatly improved service. In fact, Conrail conducted a computer study that proves the efficiencies resulting from directional running on these routes.

**UP's Experience.** Those who criticize our proposal do not describe any experience with directional operations. UP and SP have a lot of experience with directional running, and it works well for us. On the UP system, we have three directional operations
over long segments of track, and two of them involve trackage rights with SP. The map on
the following page illustrates the two segments that start near our busiest terminal, Kansas
City. The third is in the Humboldt River Valley in Northern Nevada.

*Kansas City-Jefferson City.* Since about 1983 or 1984, UP has operated
trains directionally on its River and Sedalia Subdivisions between Kansas City and just west
of Jefferson City, Missouri, a distance of about 150 miles. We began operating directionally
shortly after SP started using its trackage rights between Kansas City and St. Louis, in order
to improve transit times for both railroads. We found that the additional SP traffic taxed the
capacity of these lines when we operated trains in both directions on both lines. Directional
operation instantly solved the problem and avoided the need for major new investments.

As illustrated on the map, virtually all UP and SP trains today operate
eastbound on the river-grade River Subdivision. Trains run westbound on the Sedalia
Subdivision through Sedalia, Missouri. It has more grades, but the stiffest grade is downhill
for westbound trains. Eastbound trains on the River Subdivision often face no opposing
trains, except for the tri-weekly local, so delays for meets are unusual. This allows both UP
and SP to provide very reliable eastbound service. Amtrak trains operate in both directions
on the Sedalia Subdivision.

The fact that we still use the River Subdivision proves how valuable direc­tional operation is for UP. Our Engineering Department dislikes the River Sub. As its name
implies, it runs along a river -- the Missouri River. When the Missouri floods, parts of the
River Subdivision can be under six feet of muddy water. It takes a lot of engineering time
and money to keep the River Sub open, and there is not nearly enough local traffic on portions of the line to justify its existence. But we have rejected every Engineering Department request to close it, because using it for directional running helps us save so much time. We also save a lot of capital, because closing the River Sub would require us to spend tens of millions of dollars to add capacity to the Sedalia Subdivision. For those who fear that UP/SP would abandon SP lines in the South Central corridor, the River Sub’s continued existence should be the best possible reassurance.

The River Sub’s tendency to flood illustrates another benefit of paired-track operations. When one line is out of service, whether due to floods or a derailment or major maintenance work, the other is available to handle the traffic. When we have to run all the trains over the Sedalia Sub, we encounter delays, but the trains get through. During the great floods of 1993, the Sedalia Sub was virtually the only rail line open east of Kansas City, and we handled not only Amtrak trains, SP trains and UP trains, but also NS, Santa Fe, Gateway Western and BN trains.

We operate primarily directionally on these two lines, but not exclusively. Heavy or underpowered westbound trains that cannot make it up the hills on the Sedalia Sub are rerouted over the river-grade River Sub. As I already mentioned, Amtrak trains run both ways on the Sedalia Sub. I have read the concerns about the difficulty of running trains against the flow of traffic on directional lines, and I have read in the press about “salmon swimming upstream.” Unless there is a dam in the way, salmon usually make it upstream, and so do trains. I checked the performance of the Amtrak trains running with and against
*The Paired Track.* My last example of directional running has a very long history and some different characteristics than the other two examples. The original transcontinental railroad and its early Twentieth Century competitor, the WP, share the Humbolt River Valley for approximately 175 miles across Northern Nevada. Originally, these two railroads operated separately. During World War I, however, the federal government took over the railroads and realized that directional running would be much more efficient. A few years later, SP and WP signed the Paired Track Agreement.

Except in emergencies, westbound trains operate on the SP line, while eastbounds use the WP, now owned by UP. Although the two tracks are usually only a few miles apart, and sometimes side by side, they are operated as almost completely separate rail lines. For more than seven decades, both railroads (and now Amtrak) have been saving transit time compared to the delays they would encounter if each railroad operated on its separate line, with the unavoidable train meets.

UP and SP operating officials brought all these experiences with directional running to the planning exercise for the UP/SP merger, which is one of the reasons we selected directional operations from Illinois through Arkansas and Louisiana into Texas. We know that it works, and works very well. When those who have not tried directional running complain that it is unworkable, we can prove them wrong. Our train and engine crew unions have committed to help us work out the details.

In our earlier statement, Mike Ongerth and I described the benefits of directional running: much greater capacity, faster transit times, greater reliability, and
Often we find peaks and valleys in the flow of through trains during a 24-hour period, and can take advantage of a consistent valley to schedule work for the locals. At other locations, we make sure we have tracks for the local near the switching location so that the local can quickly get out of the way, and then promptly resume work, after a through train goes by. The key in every case is planning for specific conditions, for there is no one-size-fits-all solution.

For example, on the Sedalia Subdivision, locals make round trips from each end, turning near the middle of the line and running both with and against the directional flow. Other than terminal congestion in Kansas City, which has nothing to do with directional running, these locals operate effectively and are able to do their work within the Hours of Service Law. Some parts of the Paola-Wagoner segments do not have enough local traffic to operate a local train, but locals make round trips north from Coffeyville, running with the flow to Paola and returning against the flow. We have experienced no unusual difficulties getting these local trains over the road or serving our shippers.

With this prior success, I see no reason for concern about local service. For purposes of this response, I reconvened our UP and SP transportation planners to develop, in conjunction with their field managers, the service plan for each segment of the directional lines. A diagram of the post-merger local service plan, which is in my workpapers, shows all local services throughout the entire territory from East St. Louis to Ft. Worth, San Antonio and Houston and all points in between. It is entirely workable and is designed to
service. If I understand the KCS and Conrail testimony correctly, their witnesses urge us to make the irrational second choice.

Finally, I was surprised to learn that the Board's environmental office has concerns about whether directional running is safe. I cannot imagine any reason why there should be any safety concern. If anything, it may be marginally safer because of the reduced risk of some sort of incident connected to train meets. UP has not experienced any safety problems in its directional operations.

DIVESTITURES

I will now summarize, from a service and operating perspective, the effects of the divestitures KCS, Conrail and others propose. (Mike Ongerth discusses the divestiture proposal connected with MRL.) This is somewhat difficult, because we have only a very generalized operating proposal from Conrail and none at all from KCS. In discussing these abstract divestiture concepts, I will treat KCS and Conrail as potential purchasers, although that might not be the outcome. More generally, I am discussing these proposals only to give the Board a sense of their effects on service; this should not be misconstrued as suggesting that the UP/SP merger would proceed if any particular divestiture were ordered.

Before I begin, however, let me explain UP's standard practice in merger proceedings, which both Mike and I will follow. We will not object to trackage rights proposals and other conditions on operating and service grounds, even though they may be totally unjustified competitively, unless we think they will cause real problems. Using that
My name is Michael D. Ongerth, and my business address is Southern Pacific Building, One Market Plaza, San Francisco, California 94105.

I am Vice President-Strategic Development for applicant SP. I have previously submitted a statement in this proceeding, together with R. Bradley King of UP (UP/SP-24, pp. 1-102). My experience and qualifications are set forth in that statement.

The purpose of this reply statement is to respond to objections, comments, and proposals raised by parties filing comments on March 29, 1996, in connection with services and operations, particularly in the SP services area.

I. APPLICANTS NEED TO MERGE TO ACHIEVE ANTICIPATED TRANSPORTATION BENEFITS.

DOJ and its witness, Dr. Laurits Christensen, have suggested that SP and UP really don’t need to merge to accomplish the anticipated operational savings in the merger benefits, and that voluntary cooperation and teamwork between UP and SP could achieve most of them (DOJ-8, Christensen, especially pp. 13-23, 32-34). From an operating and strategic planning perspective, I find that the generalized arguments and assumptions offered by Dr. Christensen in support of that proposition are wholly unrealistic. They betray an inadequate understanding of how railroads interact today and of how they have dealt with each other for more than a century. Today’s services are the result
railroad's trackage rights operations over another, but it becomes geometrically complicated as others are involved. In that case, it is much more than simply a question of moving two or three more trains over the road. It is also -- again, in context -- a question of how much to carve out of UP/SP, and where to support an undetermined number of would-be new competitors. Letting in all comers is sure to cause a major frustration of anticipated merger benefits, whose magnitude can not be adequately assessed.

VII. ENVIRONMENTAL REMEDIATION CLAIMS.

Several cities and counties, one state, and a regional park district have asked that merger approval be conditioned on various measures to remediate environmental conditions that, these entities assert, are caused by the merger. To the extent that any environmental conditions identified by these entities are truly merger-related, they can most appropriately be addressed by the Board in connection with the environmental assessment ("EA") prepared by the Section of Environmental Analysis ("SEA") and served on April 12. In that document, SEA has recommended various mitigation measures to remedy what it has identified as merger-related effects. To the extent Applicants believe it necessary, they will address SEA's recommendations by the comment date of May 3.

In the meantime, however, I would like to observe from an operating standpoint, looking at post-merger train frequency and the nature of post-merger railroad activity as compared to
past and present use, that I cannot see how the merger will precipitate such adverse environmental consequences as to justify some of the expensive measures proposed by the various government authorities. On the contrary, I see traffic patterns that are within historic levels, are within the capabilities of the existing railroad plant, and should not cause injury to the community. I am unable to recognize any merger-related effects that would justify the ambitious requests that these public agencies would have the Board adopt.

The reason post-merger traffic patterns will be well within historic levels and the design capacity of the plant is that SP experienced a drastic contraction in traffic and train volumes during the mid-1980s, leaving its present plant underutilized. For example, West Coast automobile plants served by SP in Northern and Southern California closed. SP lost the inbound parts business, the outbound new automobile traffic, and then the replacement new car movements to Santa Fe and UP. The lumber traffic went into steep decline as a consequence of a lengthy line closure following a tunnel fire on the Northwestern Pacific Railroad, (a former SP subsidiary that operated on the California coast north of San Francisco) coupled with environmental restrictions on logging throughout the prime timberlands served by SP. The perishable and sugar beet trains were replaced by trucks. Local rock, sand, and gravel movements shifted to trucks. The barite movement from Nevada ceased, and military traffic to weapons centers and ammunition depots ceased.

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One hundred twenty five years later, the towns and cities have grown, first surrounding the tracks, then expanding in every direction, developing a commercial life unrelated to the railroad.

So long as community life centered about the railroad, with every traveler arriving or leaving on a train, with the local mail and Railway Express Agency trucks meeting the trains to receive mail and express parcels for the people of the city, and every business a direct or indirect customer of the railroad’s freight service, the presence of the railroad and the frequency of the trains was accepted by the community. As the railroad became a less important force in community life, the cities became increasingly uncomfortable with the railroad activities in their midst, and undertook to separate them from the community. This is a story that has been repeated in city after city. We understand this evolution, and have endeavored to work with communities to meet their impact-minimizing goals.

When we examine the railroad-city conflicts, in Nevada, California, or elsewhere, we find that in each case there is always a mechanism for resolution, starting with desire on the part of the railroad to be a good neighbor and recognition on the part of the city of the essential nature of the railroad. The mechanism customarily involves state agencies determining levels of crossing protection and allocating funding for overpasses and underpasses and signal protection. Inevitably money is involved, and the issue of who pays how much, as between the railroad and
of approval of the merger. And that is exactly what I see at the moment.

The Cities of Truckee and Reno have each filed weighty volumes of evidence from their experts recounting the impacts upon the community caused by the railroad, and predicting aggravation after the merger. None of the problems raised is new. We have been back and forth with the communities for years on the same issues. The fundamental problem with each city’s presentation is that the post-merger volume of railroad activity will not establish new peaks of activity, but will still be well within the historic traffic levels. There is no new community impact attributable to any quantum leap of post-merger railroad activity.

Reno is a prime example of a city that has aggressively sought and promoted growth as a civic goal. The city has been very successful in achieving this growth, and now the consequences are evident in traffic patterns downtown. The failure to deal with this growth in an orderly way, after it was pursued at first, left the city turning to the railroad for solutions to railroad-vehicular traffic conflicts. Reno is in effect hoping that UP/SP can be saddled with the costs of remediation of civic excesses of the past. In 1979-1980, a bond issue was proposed to provide for total separation of the railroad from the center city, but it was turned down by the electorate, and has not been advanced seriously since then.
SP has offered to work with the city and its consultants if it desires to pursue the underpass proposal. The city considers that its share of the expense would be "prohibitive," and has asked instead that the Board find that the costs should be borne 100% by UP/SP.

The post-merger operating plan contemplates 22 freight trains and 1 Amtrak train a day on the SP line through Winnemucca, and 6 trains a day on the UP line. Winnemucca is concerned that post-merger growth and 6 BN/Santa Fe trains could raise the count on the SP line to 38 trains per day -- but the numbers add to 28, not 38.

I believe the Winnemucca prediction and related fears are vastly overstated. The net increase attributable to BN/Santa Fe of 6 trains brings the post-merger count to 27 freight trains. Prior to the contraction in business of the 1980s, the base operation for most of the year was 24 trains a day, plus Amtrak, which meant that daily peaks of 30 trains and more were frequent. Winnemucca’s post-merger traffic volume will still be within its historic levels, and should further increases in volume become a problem in the future, we shall respond appropriately. In fact, the merger plan itself addresses one of the City’s principal concerns: the $20.6 million to be spent for cross-overs and bi-directional CTC between Alazon and Weso, near Winnemucca. These will improve the flow of trains through Winnemucca and reduce crossing occupancy in Winnemucca by trains on the single-track SP.
A major issue for Placer County is passenger service. Currently, planning is underway for extension of state-subsidized "Capitol Corridor" trains to Colfax. To accommodate these trains, it will be necessary to undertake more signaling, new station construction, and similar measures. Placer County would like the railroad to match community investments in the proposed state-subsidized service. In light of historic traffic levels, I believe it is evident that the merger will not be the cause of any new condition which makes these investment issues relevant to the present case. Discussions and negotiations with Placer County are, however, ongoing, and the railroad remains willing to cooperate in addressing the County’s concerns within the traditional methods of resolution. These are not issues which warrant an order from the Board mandating those expenditures.13

C. East Bay Regional Parks.

The issues involving the East Bay Regional Park District are conceptually similar to those discussed above, albeit in a semi-rural rather than an urban setting. The East

13Similarly, Placer County’s concern that more trains will bring more homeless transients to Roseville addresses a sensitive subject that has little to do with the merger and much to do with the composition of the homeless or transient populations in California, their lifestyles, and the proper degree of community intervention into their lives. Neither SP nor UP encourages trespassers to ride their freight trains, and I am confident that with the continued support of local law enforcement, UP/SP will be able to establish to the transient population that Roseville is not a mecca for rail wanderers. In the process we would expect the support of Placer County and the City of Roseville in providing community services for the truly distressed and homeless whom we remove from railroad property. This facet of the California homeless problem, though, is not a merger-related creation.
responsibility for crossing costs, became matters of dispute and negotiation between the District and SP.

During the failed Santa Fe-SP merger, the District seized upon the opportunity to characterize the merger as exacerbating its access problems, using as leverage the fact that Santa Fe's trains through Martinez would be re-routed to SP's water-level route, and arguably impeding access to the shoreline parks and recreation areas. The District's pressure upon the railroads was applied at a particularly advantageous time for the District, for SP and Santa Fe, sensing by then that support for their merger was eroding, were most anxious to garner support or neutralize opposition from community agencies wherever possible. Santa Fe and SP offered to undertake a number of steps which the District had sought -- contingent upon approval of their merger.

The merger was never approved, and the obligations that Santa Fe and SP were willing to accept in 1988, if it had been approved, are surely not controlling today. If we examine the facts, it will be noted that, as in the case of Reno and Truckee, the post-merger traffic volumes will be well within historic levels. Prior to the contraction of the 1980s, SP's base number was 16 freight trains plus passenger trains, and with traffic peaks, 24 freight trains plus passenger trains would be handled on this line. The post-merger plan contemplates 11 UP/SP freight trains and 4 BN/Santa Fe trains.

The real complaint regarding train traffic through Martinez is not with the freight trains, but with the resurgence
I also note that there is a major difference between the situation in 1987 and that today. The Santa Fe-SP merger proposed to consolidate the traffic of both lines on the SP route through Martinez, over the Ferry Street crossing which receives much attention in the District’s filing here. That is not happening this time. BN/Santa Fe use of the line will be limited, and BN/Santa Fe’s main route will continue to be its own Franklin Canyon route through Martinez. And, contrary to a mistaken assertion in the District filing, BN/Santa Fe will not be using SP’s Mococo line after the merger.

It is ironic that the Ferry Street crossing in Martinez is now advanced as an example of merger-related environmental consequences. The Ferry Street crossing has been the focus of sporadic disputes between town and railroad for the better part of a century. It was originally built as a road across the marsh extending from the city of Martinez to a dock for the Martinez-Benicia ferry, and from the Model T Ford era until 1962 there would be complaints from people who missed a ferry because a passenger train at the Martinez station had not cleared the crossing, and kept them from getting to the ferry.

After World War II, a highway bridge was built between Martinez and Benicia for Interstate 680, and the aging ferries made their last runs in 1962. Vehicular traffic on the road across the marsh slumped, then slowly rose again as boating and other recreation-related activities were developed on the shoreline. Tension again arose between the needs of vehicular
Street line from 18 a day to 5 a day, and with BN/Santa Fe, back to 11 -- but still far below the pre-merger level.

The possibility of moving trains off UP's main line and onto the SP line through Sacramento has been examined by consultants for the California Department of Transportation from time to time since 1991. Each study has shown that moving the UP trains onto the SP line creates problems and raises costs. A 1991 study by Wilbur Smith Associates, for example, concluded that delay-related costs would quadruple if all of the freight and passenger traffic sought to use the single-track SP line between Stockton and Sacramento.¹⁵

The Sacramento concerns involve not simply freight trains, but also the accommodation of new passenger train schedules within railroad plants of finite size. This merger proceeding should not be the forum in which to resolve the Sacramento issues.

D. City of Salem, Oregon.

A recurring problem in the City of Salem is the proximity of the SP main line to Oregon state government offices. In the early years of the railroad the state government offices were planned and built close to the railroad, and now, many years later, it is apparent that this early planning has been regretted.

¹⁵Incidentally, the Sacramento proposal, by forcing more through trains to go through Roseville, would directly conflict with the County of Placer's desire for less traffic over the East Valley and Donner lines.
REBUTTAL VERIFIED STATEMENT
OF
JOHN H. REBENSDORF

My name is John H. Rebensdorf. I previously submitted a verified statement in connection with this proceeding which was included in Volume 1 (UP/SP-22) of the Application filed with the Board on November 30, 1995. My background and qualifications are set forth in that earlier statement.

The purpose of this statement is to: (a) describe the process for implementing the settlement agreement with the BN/Santa Fe (I will refer to the September 25, 1995, agreement between UP/SP and BN/Santa Fe and the supplement to that agreement dated November 18, 1995, as the "settlement agreement"); (b) describe clarifications and amendments UP/SP will make to the settlement agreement to address concerns about the terms of the settlement agreement; (c) review the additional settlements we have reached with other railroads; (d) respond to criticisms that have been leveled at the comparability with other trackage rights fees of the trackage rights fees agreed to by UP/SP and BN/Santa Fe in the settlement agreement; (e) address the failure of Conrail, KCS or MRL to provide any meaningful price data to use in evaluating the financial impact of their divestiture proposals; (f) respond to KCS' contrived argument that the price UP has agreed to pay SP is based on projected rate increases; (g) clear up a misunderstanding or point out a misrepresentation about comments I made at a meeting with members of the Western Shippers' Coalition (WSC) on November 27, 1995; and (h) comment briefly on the forms of trackage rights agreements proposed by others.
Shreveport, Louisiana, moving to and from the Memphis BEA (BEA 55). Accordingly, Section 6(c) of the settlement agreement will be amended to give BN/Santa Fe the right to handle traffic of shippers open to all of UP, SP and KCS at Texarkana and Shreveport to and from the Memphis BEA. These rights will not include proportional, combination or Rule 11 rates via Memphis or other points in the Memphis BEA.

- **Service to UE at Labadie, MO** - Although it will not require an amendment to the settlement agreement, we have reached a separate understanding with Union Electric Company ("UE"). UE's plant at Labadie, Missouri currently is served by UP and by SP. Accordingly, it meets the definition of a "2-to-1" point, even though Labadie is not expressly mentioned in Section 8(i) of the settlement agreement. We had initially discussed with BN/Santa Fe sale of the former Rock Island line between St. Louis and Owensville over which SP currently serves UE. We could not reach agreement with BN/Santa Fe on sale of that line. We have worked directly with the customer and established a proportional rate agreement between Kansas City and Labadie. UE may, pursuant to this agreement, secure single line bids from UP or interline bids with any other carrier over Kansas City or St. Louis. I believe the UE arrangement is another demonstration of our commitment to preserve competition.

- **Interchange Rights and Terminal Facilities in Brownsville** - Section 4(a) of the settlement agreement granted BN/Santa Fe trackage rights on UP's lines in Texas between Houston (Algoa) and Brownsville and between Odem and Corpus Christi. Concerns have been raised that BN/Santa Fe does not have adequate access and interchange rights at Corpus Christi and Brownsville. Accordingly, we will amend Section 4(b) of the settlement agreement to provide that BN/Santa Fe access and interchange rights at Corpus Christi and Brownsville will be at least as favorable as SP has currently. The amendment will specify that BN/Santa Fe shall have direct access to the Port of Brownsville, the Brownsville and Rio Grande International Railroad, and Ferrocarriles Nacionales de Mexico and the right to purchase a yard at Brownsville to support trackage rights operations. I should note, however, that at the outset BN/Santa Fe intends to use haulage to handle its traffic between Houston and Brownsville, and thus its operations and access will be the same as UP/SP's. If the haulage operation is converted to trackage rights the interchange and other rights described above will be implemented.

- **Directional Operation** - UP/SP trains will operate directionally between Dexter Junction, Missouri and Houston, Texas. To address concerns that directional operations would negatively impact BN/Santa Fe trains, the settlement agreement will be amended to give BN/Santa Fe additional overhead trackage rights adequate to allow BN/Santa Fe to also operate directionally in the same fashion as UP/SP.
Access to East St. Louis - The settlement agreement will be amended to grant BN/Santa Fe additional overhead trackage rights over (a) UP's line between Houston, Texas and Valley Junction, Illinois, (b) SP's line between Fair Oaks, Arkansas and Valley Junction, Illinois, and (c) UP's line between Fair Oaks and Bald Knob, Arkansas. These additional rights address concerns that BN/Santa Fe needed better access to East St. Louis, Illinois. The rights will be limited to traffic originating or terminating at points south of Bald Knob and Brinkley, Arkansas, i.e., traffic originating or terminating south of these points in Arkansas, Louisiana, Texas or Mexico. The intent of this limitation is to ensure that these rights are focused on traffic at "2-to-1" points. For example, traffic originating, or terminating in Memphis, Tennessee; Birmingham, Alabama; or Pensacola, Florida, could not be routed over these lines.

SIT Facilities - Concerns have been raised about the adequacy of storage in transit (SIT) facilities available to BN/Santa Fe to accommodate the needs of chemical customers located along the Gulf Coast. To address these concerns, Section 9(i) of the settlement agreement will be amended to provide BN/Santa Fe equal access to the SIT facility at Dayton, Texas and to provide that UP/SP will work with BN/Santa Fe to locate additional SIT facilities on the trackage rights lines as necessary.

Reciprocal Switch Rates - Section 9(h) of the settlement agreement provides that "UP/SP will provide to BN/SF reciprocal switching rights at the "2-to-1" points covered in this Agreement at rates which will fully reimburse UP/SP for its costs plus a reasonable return." The reciprocal switch fees will be no more than $130 at "2-to-1" points with annual adjustment at 50% of RCAF(U). This fee is extremely reasonable. In fact, it represents our system average variable cost of switching. It is less than the fee called for by the settlement agreement, since it does not include a full return element. We have made this concession in response to shipper concerns about the level of reciprocal switch charges and in recognition of the fact that reciprocal switch charges assessed by UP to BN and by BN to UP are generally at the $130 level. Since UP/SP will be a net seller of switching services to BN/Santa Fe, agreeing to a switch fee at this level is not without risk. However, it is a risk we are willing to accept in order to put to rest arguments that the settlement agreement does not make BN/Santa Fe fully competitive with UP/SP. Reciprocal switch rates at "2-to-1" points for multi-car blocks of grain traffic will be $60 per car - the existing rate agreed to between BN and UP for such traffic. SP's reciprocal switch charges, which are now generally $495 per car will be reduced to no more than $150 per car adjusted annually by 50% of RCAF(U).

Haulage Rates - Sections 4(f), 6(b) and 8(i) of the settlement agreement all contemplate the possibility of UP/SP's handling BN/Santa Fe traffic on a haulage basis. Section 4(f), covering rights between Houston, Corpus Christi, and
May 3, 1996

Elaine K. Kaiser, Esquire
Chief, Section of Environmental Analysis
Surface Transportation Board
Room 3219
1201 Constitution Avenue, N.W.
Washington, D.C. 20423


Dear Secretary Williams:

Enclosed please find an original and ten copies of Comments of The Kansas City Southern Railway Company On The Environmental Assessment ("KCS-50").

Also enclosed is a 3.5 inch disk containing the text of KCS-50.

Sincerely yours,

John R. Molm

Enclosures

cc: The Honorable Vernon A. Williams
The Honorable Jerome Nelson
Parties of Record
BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

COMMENTS OF THE KANSAS CITY SOUTHERN RAILWAY COMPANY
ON THE ENVIRONMENTAL ASSESSMENT

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May 3, 1996
BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

COMMENTS OF THE KANSAS CITY SOUTHERN RAILWAY COMPANY
ON THE ENVIRONMENTAL ASSESSMENT

The Kansas City Southern Railway Company (KCS) appreciates the opportunity to
comment on the Environmental Assessment (EA) prepared by the Surface Transportation
Board's Section of Environmental Analysis (SEA) in connection with the proposed merger of
Union Pacific Railroad Company (UP) and Southern Pacific Transportation Company (SP)
(Finance Docket No. 32760).

KCS has a substantial stake in this proceeding. Concurrent with the control and
merger application, UP, SP and BN/Santa Fe filed certain Related Trackage Proposals\(^1\) to
implement trackage rights agreements that purport to address the substantial competitive
problems with the merger. The Related Trackage Proposals include a petition that seeks

\(^1\) "Related Trackage Proposals" is defined to mean the (i) Notice of Exemption for
Settlement Related Trackage Rights (Sub-No. 1); (ii) Petition for Exemption for Settlement-
Related Line Sales (Sub-No. 2); (iii) Application for Terminal Trackage Rights (Sub-No.9); and
related access by BN/Santa Fe over the New Orleans Public Belt Railroad.
terminal trackage rights for BN/Santa Fe over tracks owned and operated by KCS in Shreveport, Louisiana and Beaumont, Texas. The Related Trackage Proposals would also grant BN/Santa Fe overhead trackage rights on UP/SP rail lines between Houston and Memphis and between Houston and Iowa Junction, Louisiana, and give BN/Santa Fe the right to acquire the rail line currently owned by SP between Iowa Junction and Avondale, Louisiana, with the reservation of full trackage rights along that corridor for UP/SP. BN/Santa Fe also will require access over the New Orleans Public Belt Railroad in order to reach Eastern carriers at New Orleans.

As a landowner and rail owner/operator, KCS has a substantial interest in the environmental impacts of the proposed merger and Related Trackage Proposals. KCS is concerned that the record is severely deficient with regard to the potential safety impacts of these actions. The proposed merger and Related Trackage Proposals will result in significant operational changes and traffic increases in the Houston to Memphis and Houston to New Orleans corridors, which in turn will result in increased congestion along those rail lines, at grade crossings and within yard limits and result in delays and increased handling of cars, thereby increasing the risk of incidents and accidents—particularly incidents and accidents involving hazardous commodities. The proposed merger and Related Trackage Proposals also will result in increased noise and air quality impacts along these corridors. These impacts, in addition to the safety impacts, directly affect KCS's interest in protecting the environment and in the health and safety of its employees who work along these corridors.

If approved, the merger of UP and SP will be the largest merger in rail history. It will consolidate ownership and operation of over 34,000 miles of track in 25 states. EA, vol.
1 at ES-1. It involves significant operational changes, substantial rerouting of rail traffic which result in significant increases in traffic along certain segments, extensive trackage rights agreements, consolidation of yard and terminal facilities, abandonment of approximately 600 miles of track in 8 states, and approval of 25 new rail construction projects outside of existing rights-of-way in 8 states. EA, vol. 1 at ES-4 to ES-7.

As proposed, the merger and Related Trackage Proposals will have unprecedented environmental effects. These effects include issues of safety, air quality, and noise any of which, in and of themselves, create the potential for a "significant environmental impact on the quality of the human environment" as defined under the National Environmental Policy Act (NEPA), 42 U.S.C. § 4332. If, as the SEA asserts, this proposal has no significant environmental impacts, then no major federal action taken by the STB will ever be found to have a significant impact on the environment under NEPA. NEPA and the STB regulations implementing NEPA will thus be emasculated, void of substance and purpose.

While the SEA’s initial Environmental Assessment identifies relevant environmental issues, it fails to assess and mitigate adequately the impacts of the proposed merger and Related Trackage Proposals. The SEA’s initial finding of no significant impact in connection with the safety issues, in particular, has no basis in law or fact. The safety analysis is based on incomplete and inaccurate information about BN/Santa Fe operations to be undertaken pursuant to the Related Trackage Proposals. The traffic and operational data provided by BN/Santa Fe and its outside consultant Neal Owen, as deficient as it is, is completely superseded by recent filings, specifically the agreement with the Chemical Manufacturers Association (the "CMA Agreement") and the Applicants’ Rebuttal Statements on Operational
Issues, which were filed on April 19 and 29, 1996 respectively. These filings completely undercut the weight of any evidence relating to traffic estimates and operational information on which the EA is based. They also plainly illustrate the absence of any operational plan as to how the CMA Agreement will be implemented in connection with the Related Trackage Proposals. Given the lack of accurate information regarding rail traffic and operational changes, it was impossible for the SEA to conduct a proper review of the safety, air quality and noise impacts of the proposed merger, Related Trackage Proposals and the CMA Agreement. Although the SEA recognized that this action will raise important safety, air quality and noise issues, the SEA improperly abdicated its duty to analyze those issues by directing the parties to study the problems and consult with various federal and state agencies. The SEA made virtually no attempt to mitigate the environmental impacts it acknowledged will occur, and failed to consider any alternatives that would avoid these impacts. As such, the Environmental Assessment is deficient. In any event, the SEA must prepare an environmental impact statement in connection with this merger.

I. The SEA's Environmental Assessment is Based Entirely on Inadequate Incomplete and Now Outdated Information and Assumptions Regarding Increases in Rail Traffic and Operational Changes.

An accurate understanding and analysis of the operational changes associated with a proposed action are central to an Environmental Assessment under the Board's NEPA regulations. The SEA must prepare an Environmental Assessment of a proposed merger or acquisition of control "if it will result in . . . operational changes" that exceed the regulatory thresholds defined at 49 CFR § 1105.7(e)(4) or (5), which include increases in rail traffic.
densities, and diversions from rail to motor carriage. 49 CFR § 1105.6(a)(4)(i). Operational changes, including rail traffic increases and increases in traffic densities, not only determine when an EA is required, but also determine the scope of the analysis. See 49 CFR § 1105.7(e)(4), (5), (6) (defining thresholds for analyzing air quality, noise and energy impacts). Information regarding operational changes and increases in traffic and traffic densities, is therefore the foundation of an Environmental Assessment. In this case, the EA and the SEA’s Finding of No Significant Impact (FONSI) are based entirely on inadequate, incorrect and now outdated factual information on operational changes, rail traffic and traffic densities, throwing the SEA’s entire analysis into question.

First, because BN/Santa Fe has not submitted or even developed an operating plan, the SEA has very little information regarding the planned or potential operational changes in connection with proposed BN/Santa Fe operations to be undertaken pursuant to the Related Trackage Proposals. If approved, these proposals would give BN/Santa Fe operating rights over more than 3,000 miles of track and result in significant operational changes. The primary Trackage Rights Agreement establishes a landlord/tenant-type relationship between UP/SP and BN/Santa Fe and results in major operational changes on rail segments between Houston and Memphis, and between Houston and Avondale, Louisiana. Under the Agreement, BN/Santa Fe will be subject to the dispatching and operating schedules of UP/SP while operating on UP/SP rail segments between Houston and Memphis and Houston and Iowa Junction. Likewise, UP/SP will be subject to the dispatching and operating schedules of BN/Santa Fe while operating on the BN/Santa Fe rail segment between Iowa Junction and Avondale. Moreover, BN/Santa Fe (and UP/SP) will be subject to KCS dispatch and
scheduling in Beaumont and Shreveport. In New Orleans, the NOPB will be in control of dispatching and scheduling. In addition, along the Houston to Memphis corridor, the UP and SP propose to change the primary directional flow of rail traffic. As currently proposed by UP and SP pursuant to the CMA Agreement, the SP line between Houston and Memphis will operate in a southerly direction. The UP line that runs parallel to the SP line would be operated in a northerly direction. This planned directional flow contains an exception for local traffic.

The Related Trackage Proposals will also result in increases in rail traffic by adding an additional rail carrier to rail lines that were previously used by only a single carrier. In the EA, the SEA relies primarily on traffic projections provided by BN/Santa Fe. The SEA cannot, however, rely on these estimated rail traffic projections nor can it independently assess the accuracy of the projections because BN/Santa Fe has not submitted either an operating plan or traffic studies that would provide a sound basis for those projections.

The BN/Santa Fe traffic projections are based on nothing more than assumptions of BN/Santa Fe’s ability to compete in the relevant corridors and do not account for important factors such as economic growth. While BN/Santa Fe retained Neal Owen, an outside transportation consultant, to testify in this proceeding regarding potential traffic increases resulting from the Related Trackage Proposals, Mr. Owen testified at his deposition that he had no specific knowledge about how much SP traffic would be open to BN/Santa Fe competition. (Deposition at 15-16). Mr. Owen also testified that he did not interview any shippers to determine the level of service required of BN/Santa Fe in order to serve the

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2 Relevant pages of Mr. Owen’s deposition testimony are contained in Appendix A hereto.
industries in the corridors under the trackage rights agreement. (Deposition at 37, 50, 184-85) He also admitted that BN/Santa Fe and UP/SP have not conducted any joint scheduling for post-merger operations. (Deposition at 61).

In his deposition, Mr. Owen went on to explain that his testimony in this proceeding:

was not designed to be . . . an operating plan per se in the context of ICC regulations. (Deposition at 24). [The statement] was not shipper specific, we conducted no shipper interviews in conjunction with this, we did not have a traffic study . . . . (Deposition at 37, 49-50, and 55-56).

Finally, Mr. Owen explained that BN/Santa Fe's traffic estimates do not account for growth. According to Owen, "there has been no consideration of growth in what I've stated here, economic growth." (Deposition at 251, 252). While BN/Santa Fe does not necessarily have a duty to take into account economic growth, the SEA does. NEPA "requires the sponsoring agency to consider the impact on the environment resulting from the cumulative effect of the contemplated action and other past, present, and 'reasonably foreseeable' future actions," Village of Grand View v. Skinner, 947 F.2d 651, 659 (2nd Cir. 1991). Certainly, some level of economic growth is "reasonably foreseeable" in this case.

To date, BN/Santa Fe has failed to submit any studies to support its traffic projections. Nonetheless, the SEA adopted the BN/Santa Fe projections without any independent analysis, and it is upon Mr. Owen's unsubstantiated traffic projections that the Environmental Assessment is based. EA, vol. 1 at 1-6. Therefore, the Environmental Assessment and the SEA's conclusions are based upon unsupported traffic projections over these line segments. Without more reliable and detailed information regarding BN/Santa Fe operations, it is impossible to accurately determine the true impact of the merger on the quality of the human environment.
In any event, BN/Santa Fe and Applicants have recently submitted two filings that underscore the absence of an operating plan to implement the Related Trackage Proposals and completely undercut the operational assumptions and projections contained in the EA. According to the SEA, the EA includes all information available as of mid-March, 1996. EA, vol. 1 at 1-6. On April 29, 1996 the Applicants filed their Rebuttal Statements on Operating Issues. The statement of Michael D. Ongerth, Vice President of Strategic Development for SP, plainly illustrates that UP, SP, and BN/Santa Fe have not developed an operating plan to implement the Related Trackage Proposals and are only just now beginning to develop such a plan. According to Ongerth:

Since the filing of our initial evidence, a team of operation specialists from SP, UP, and BN/Santa Fe has been meeting and planning how the proposed BN/Santa Fe trackage rights operations will be integrated into the post-merger UP/SP operations. In the course of this planning a number of issues have arisen which concerned BN/Santa Fe’s proposed service, and in each case the teams are addressing them thoughtfully, and where it appears that more needs to be done to implement the intent of the agreement with BN/Santa Fe, we are developing the additional steps necessary to do so.

The BN/Santa Fe Settlement Agreement teams are working from a 196-point Agenda covering, in addition to Overall Project Management, Joint Facility negotiation (16 issues); Marketing/Interline (11 issues); Operating Plan/Network Planning (23 issues); Transportation Control (17 issues); Engineering (13 issues); Real Estate (18 issues); Law (6 issues); Labor Relations (3 issues); and Systems (22 issues). Agenda Line Items 23, 52, and 56 through 59 covered on-site review of all of the joint facilities which BN/Santa Fe will use. Agenda Line Items 21, 22, and 25 identify the milepost limits, and the present and future 2-to-1 industries’ segments. Items 36, 37, and 38 cover the provision of information to BN/Santa Fe’s marketing department of the new industries and industry sites available to BN/Santa Fe. Items 43 and 44 concern the maintenance of up-to-date customer lists available to BN/Santa Fe. Item 60 covers intermodal/automotive ramps to be used by BN/Santa Fe -- and the list goes on.3

These are difficult issues to deal with. In his Rebuttal Verified Statement (at 5) in this proceeding, Carl R. Ice, Vice President and Chief Mechanical Officer for BN/Santa Fe states:

BN/Santa Fe separately agreed with UP and SP that the CMA Agreement does not preclude BN/Santa Fe from continuing the process of negotiating the detailed implementation of the Agreements, and that BN/Santa Fe’s consent was not a waiver of, and was given without prejudice to, any position we may take that we are entitled to more favorable terms with respect to any implementation issue, whether or not addressed in the CMA Agreement. For example, the CMA Agreement’s specification of a switching charge that will not exceed $130 per car does not mean that BN/Santa Fe has agreed to a charge of $130 per car. At this point, this issue remains in negotiation among BN/Santa Fe, UP and SP.

On April 19, 1996, Applicants and BN/Santa Fe submitted the CMA Agreement in which the parties thereto agree to (1) significantly expand the scope of the Related Trackage Proposals to include additional overhead trackage rights access between Houston and East St. Louis; (2) permit BN/Santa Fe to operate along both UP and SP lines along the Houston-Memphis-St. Louis corridor rather than limiting BN/Santa Fe to use of the SP line; and (3) modify UP/SP contracts with suppliers at 2-to-1 points in Texas and Louisiana to open at least 50% of the volume to BN/Santa Fe.

The CMA Agreement significantly expands the scope of the Related Trackage Proposals. Under this Agreement, BN/Santa Fe trackage rights would be expanded to include new trackage rights over (1) UP’s line between Houston and Valley Junction, IL via Palestine, (2) SP’s line between Fair Oaks and Valley Junction; and (3) UP’s line between Fair Oaks and Bald Knob, AR. This extension of the Related Trackage Proposals will significantly alter the operational assumptions and projected increases in rail traffic and
traffic densities and for that reason will require the SEA, at a minimum, to revisit and revise its Environmental Assessment in this case.

In addition to expanding the geographical extent of the Related Trackage Proposals, the CMA Agreement will result in additional increases in rail traffic as a result of BN/Santa Fe’s ability to operate along UP’s Houston-Memphis-St. Louis line and the potential for increased operations resulting from these contractual arrangements. The provisions of this Agreement render the operational assumptions and traffic projections contained in the EA, and the EA itself, meaningless. These are fundamental operational changes that alter the foundation of the Environmental Assessment, and these changes will likely have a significant impact on the scope and conclusions of the initial EA.

II. The SEA’s Finding of No Significant Impact is Clearly Erroneous.

The SEA concludes that "[b]ased on its independent analysis, review of available information, and the recommended mitigation measures," the proposed merger of Union Pacific and Southern Pacific Railroads, if approved, would not significantly affect the quality of human environment. . . . Therefore, preparation of an environmental impact statement is not necessary." EA, vol. 1. at ES-19.

This conclusion is simply unsupportable. Based on the potential safety impacts alone, this merger will have a significant impact on the quality of the human environment and will require preparation of a full environmental impact statement. The anticipated Air Quality and noise impacts also warrant preparation of an environmental impact statement.
A. The Environmental Assessment Fails to Consider Adequately the Safety Impacts of the Proposed Merger and Related Trackage Proposals.

According to the SEA, it "assessed a number of potential safety related issues associated with proposed operational changes." EA, vol. 1 at 1-15. The SEA erroneously concludes that there would be no major impacts as a result of the proposed merger. Given the recent increase in rail accidents, the SEA’s safety analysis borders on irresponsible. First, the SEA bases its "analysis" on incomplete and unreliable operational information and traffic projections. It also fails to conduct an independent analysis of the increased risk of rail accidents and risks associated with hazardous commodities, and instead incorporates information almost verbatim from the Applicants’ Environmental Report. Finally, the SEA attempts to abdicate its duty to assess the potential for increased safety risks associated with the Related Trackage Proposals to Applicants, BN/Santa Fe and the Federal Railroad Administration (FRA) in direct violation of NEPA.

1. The Safety Analysis Is Based Upon Incomplete and Unreliable Factual Information.

An analysis of safety risks in connection with this type of proposed action depends heavily on operational changes and rail traffic projections because, as the EA notes, safety risks derive primarily from increased traffic at highway grade crossings. In addition, there is the risk of rail accidents and incidents as a result of congestion and increased car handling and the risks associated with shipments of hazardous commodities. For example, according to the EA, "changes in the probability of accidents at grade crossings would depend on changes in the number of trains on rail segments." EA, vol. 1 at 2-22. "Delay" in particular, "is a function of the number of trains passing per day and the length and speed of
the train." EA, vol. 1 at 2-23. Based on its own analysis, the SEA cannot credibly assess this risk of increased delays at rail crossings and increased probabilities of accidents without reliable traffic projections. Similarly, the SEA cannot assess the increased risk of derailments and other rail accidents, particularly those involving hazardous commodities, without reliable data on anticipated traffic increases and information about where those increases are expected to occur. Moreover, the projections relied on by the SEA are now invalid given the revisions to the Related Trackage Proposals under the recent CMA Agreement. All potential safety impacts must be reassessed in light of the changed conditions.

2. The EA Fails to Conduct an Independent Analysis of the Increased Risk of Accidents and Impacts Associated with Shipments of Hazardous Commodities.

The SEA adopts almost wholesale the Applicants' "analyses" of accident risk and risks association hazardous commodities. The EA provides that "the proposed merger could be expected to result in an additional 25 accidents per year based on the projected increase in train-miles of the proposed merged system." EA, vol. 1 at 2-24. First, assuming this is a valid conclusion, it does not appear that the SEA made any attempt to conduct an independent analysis of the issue. This is a direct violation of the STB regulations implementing NEPA. 49 CFR §105.10. Second, because this assessment was adopted directly from the Applicants' Environmental Report, it is based on projected traffic increases that even the SEA agrees have been superseded by the BN/Santa Fe data. Because that data has been superseded in light of the CMA Agreement, this analysis must be revised to reflect
the CMA Agreement. Finally, the accident analysis provides a summary of the Applicants’ accident history, but it fails to address the accident history of BN/Santa Fe.

The SEA also adopts the Applicants’ analyses of the risks associated with shipments of hazardous commodities. Again, the SEA has shirked its responsibility to conduct an independent analysis of serious public health and environmental risks, and it is doing so at a time when accidents involving hazardous materials are on the rise. In two very short paragraphs, the EA summarily concludes that "the proposed merger would not affect the UP/SP’s policies or operating procedures governing the transport of hazardous materials."

EA, vol. 1 at 2-24. Pursuant to 49 CFR § 1105.7(e), an environmental report must include certain minimum safety related information, including:

> [i]f hazardous materials are expected to be transported, . . . the materials and quantity, the frequency of service, whether chemicals are being transported that, if mixed, could react to form more hazardous commodities; safety practices (including any speed restrictions), the applicant’s safety record (to the extent available) on derailments, accidents, and hazardous spills; the contingency plans to deal with accidental spills; and the likelihood of an accidental release of hazardous materials.

49 CFR § 1105.7(e)(7).

Applicants’ Environmental Report does not include this analysis, nor does the PDEA submitted by Applicants. The SEA must, at a minimum, assess BN/Santa Fe’s experience with hazardous commodities and whether it has accident prevention and emergency response plans in place to prevent accidents and incidents involving hazardous commodities. Finally, the SEA conducts no safety analysis of the Related Trackage Proposals. After reviewing the Proposals, the SEA "found that none appear to be unique or out of bounds of common railroad operating practices." EA, vol. 2 at 1-16. However, whether the proposed
operations are "out of the bounds of common railroad operating practices" is not the standard for environmental review recognized in the STB regulations and, therefore, is irrelevant. The regulations require the STB to determine whether an operational change is significant based on the thresholds at 49 CFR § 1105.7(e)(4) and (5) and whether those changes will have a "significant" impact on the quality of the human environment. The SEA failed to conduct this analysis.

3. The Risk of Accidents Involving Hazardous Commodities Creates the Potential for a Significant Environmental Impact

Even if the projections submitted by UP/SP or BN/Santa Fe were correct, the increases in rail traffic associated with the merger create the potential for a significant environmental impact, particularly for shipments of hazardous commodities in the Houston to Memphis and Houston to New Orleans corridors. Regarding chemical and other hazardous materials movement, the EA notes that "the rail line segments linking the Gulf Coast region between New Orleans and Houston, and between Houston and Memphis are heavily used for chemical and other hazardous material transport." EA, vol. 2 at 1-16. These corridors are the subject of the Related Trackage Proposals and will be affected by the substantial operational changes discussed above.

B. The SEA's Finding of No Significant Impact in Connection with Air Quality Impacts is Also Flawed.

The EA states that "72 rail segments may adversely [affect] air quality in 19 states." EA, vol. 1 at ES-15. The EA acknowledges that many of the areas impacted by increased emissions are designated as nonattainment areas, which means that they are not in compliance with National Ambient Air Quality Standards [NAAQS] under the Clean Air Act.
EA, vol. 1 at ES-15. According to the EA, "the increased emissions from the locomotives on these segments could potentially contribute to increased levels of pollution." EA, vol. 1 at ES-15. The SEA concluded, based on its emissions data, that "adverse impacts could result from the proposed merger." EA, vol. 1 at 2-1, 2-13. Nonetheless, the SEA dismissed the air quality impacts and found no significant environmental impact because the emissions estimates are conservative and that actual emissions may be lower. EA, vol. 1 at 2-13. The EA does not include any data or analysis that supports or even suggests that the emission estimates are overly conservative. Nor does the EA include any data or analysis that suggests the emissions likely will be offset.

The air quality analysis in the EA indicates that the merger and Related Trackage Proposals will increase emissions of certain regulated air pollutants such as NO2 by thousands of tons per year. EA, vol. 1 at 2-11 to 2-13. In many cases, these increases will occur in ozone attainment areas in states that are already facing potential sanctions under the Clean Air Act, including the loss of federal highway funding because of the nonattainment problems. Further the Environmental Protection Agency and state regulatory agencies in 37 states have, in the last year, initiated a full scale cooperative effort called the Ozone Transport Assessment Group to try to resolve the ozone problem in those states. Significant increases in NO2 emissions in those states will only frustrate this effort.

As the SEA noted, the air quality analysis in the EA indicates that the merger and Related Trackage Proposals will have an adverse impact on air quality. EA, vol. 1 at 2-13. The SEA cannot rationally conclude, without analysis, that the cumulative emission increases will not have a significant environmental impact under NEPA. Based on this deficiency
alone, the SEA’s finding of no significant impact is clearly erroneous, arbitrary and capricious.


Under the guise of "mitigating" the potential safety, air quality, and other impacts of the proposed merger and Related Trackage Proposals, the SEA attempts to abdicate its duty to assess and mitigate the environmental impacts of this action in direct violation of NEPA. The SEA has improperly deferred to others by imposing conditions that Applicants consult with various other agencies about the specific environmental impacts that fall within their jurisdiction.

Specifically, the SEA directs the parties to, among other things:

- "[C]onduct rail line capacity simulations to verify that the directions operations involving St. Louis, Missouri, Memphis, Tennessee, and Dallas, San Antonio, and Houston, Texas can be safely accomplished. These simulations should also include BN/Santa Fe train movements. UP/SP shall submit these simulations to FRA for its review and shall comply with FRA’s recommendations. UP/SP shall submit its analysis, as well as FRA’s findings, to SEA . . . ." EA, vol. 2 at 1-20.

- "[C]onduct a safety analysis of the SP line segment between Houston, Texas and Lewisville, Arkansas to determine the need for installing an Automatic Block Signal (ABS) system or a Centralized Traffic Control (CTC) system . . . . UP/SP shall submit its analysis to FRA for its review and shall comply with FRA’s recommendations. UP/SP shall submit its analysis, as well as FRA’s findings, to SEA." EA, vol. 2 at 1-21 to 1-22.

- "[C]onsult with appropriate Federal, state and local agencies responsible for regulating air quality, concerning any possible mitigation measures to reduce adverse emissions in nonattainment areas." EA, vol. 1 at 6-1.

- "[C]onsult with appropriate state and local agencies to develop noise abatement plans." EA, vol. 1 at 6-1.
In State of Idaho v. ICC, 35 F.3d 585, 595 (D.C. Cir. 1994), the circuit court rejected the ICC's attempt to shift its NEPA responsibilities to other parties. In that case, the Union Pacific Railroad Company petitioned the ICC for permission to abandon an unprofitable railroad line. In the Environmental Assessment for that action, the ICC required the following mitigation procedures:

- "[Union Pacific] shall not salvage any railroad infrastructure, including the rails and ties, along the entire right of way until it has consulted with the Idaho Department of Environmental Quality and the U.S. Environmental Protection Agency. . . ."
- "... If wetlands are located along the right-of-way, [Union Pacific] shall consult with the USFWS prior to any disturbance of the right-of-way and comply with any applicable requirement of the U.S. Fish and Wildlife Coordination Act . . . ."
- "... Prior to any salvage activities, [Union Pacific] shall contact the Idaho Department of Water Resources to determine if such a permit is required and take the necessary steps to secure a permit."
- "... [Union Pacific] shall consult with the [U.S. Army Corps of Engineers] prior to undertaking any salvage activities to determine what appropriate mitigation may be required."

Id. at 589-90.

In rejecting that scheme, the Court of Appeals held that this outright abdication of meaningful environmental review is "in fundamental conflict with the basic purpose of NEPA." Id. at 595. The court stated:

Certification by another agency that its own environmental standards are satisfied involves an entirely different kind of judgment. Such agencies, without overall responsibility for the particular federal action in question, attend only to one aspect of the problem . . . . The only agency in a position to make such a judgment is the agency with overall responsibility for the proposed federal action--the agency to which NEPA is specifically directed.

Deferring the environmental analysis to other agencies also precludes public review and public participation in the STB's decision making process. See Robertson v. Methow Valley Citizens Council, 490 U.S. 332, 349, 109 S. Ct. 1835, 1845 (1989). In Robertson, the Court held that NEPA is an "action-forcing procedure that is meant to ensure that: (1) the ICC will have available, and will carefully consider, detailed information concerning significant environmental impacts; and (2) guarantees that relevant environmental information will be made available to the parties and to the public so they may play a role in both the decision making process and the implementation of that decision." 490 U.S. at 349, 109 S.Ct. at 1845. Therefore, NEPA mandates that environmental information be incorporated into the STB's decision making process so such information is available to the agency and the public before the STB makes its decision on the proposed action. Illinois Commerce Commission v. ICC, 848 F.2d 1246, 1259 (D.C. Cir. 1988); Andrus v. Sierra Club, 442 U.S. 347, 99 S. Ct. 2335 (1979); Save the Yaak Committee v. Block, 840 F.2d 714 (9th Cir. 1988); 42 U.S.C. § 4332(2)(B), (C); 40 C.F.R. §§ 1500.1(b), 1501.1(a), 1501.2, 1502.5.
In order to accomplish this express purpose, the SEA must require more than mere consultation with other agencies, and the SEA must require that the mitigation be taken prior to the final decision by the STB.

IV. The SEA Failed to Consider Reasonable and Feasible Alternatives that Would Reduce the Environmental Impacts of the Proposed Merger and Related Trackage Proposals.

NEPA requires the STB to give full and careful consideration to "reasonable" and "feasible" alternatives prior to reaching a decision on the proposed action. 42 U.S.C. § 4332(2)(C); 40 CFR § 1502.14; City of Grapevine v. DOT, 17 F. 3d. 1502 (DC Cir. 1994); see also State of Alaska v. Andrus, 580 F.2d 465, 474 (D.C. Cir. 1978). Rather than simply listing the possible alternatives, the STB must carefully analyze the relative environmental merits and deficiencies of the proposed action and possible alternatives. Id. Consequently, it is incumbent upon the SEA to study and evaluate possible alternatives and the environmental effects thereof. Vermont Yankee Nuclear Power Corp. v. Natural Resources Defense Council, 435 U.S. 519, 98 S.Ct. 1197 (1978).

For example, the SEA must consider the environmental impact of the alternative action proposed by KCS. Under the KCS alternative action, UP/SP would divest one of its two parallel and duplicate lines between Houston and St. Louis, Houston and New Orleans, and Houston and San Antonio. As shown in KCS-33, this proposed alternative action is both reasonable and feasible. Unlike the proposed merger and Related Trackage Proposals,

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4 For a more complete description of this proposal, see KCS-33, vol. 1 at 100-17. Consolidated Rail Corporation proposed a similar alternative which should also be evaluated. See CR-21, vol. 1 at 7-9.
however, the proposed divestiture (the KCS alternative action) would not significantly impact the environment. Instead of adding a carrier in these corridors, the KCS alternative would merely substitute one carrier for another onto one of the two parallel and duplicate lines. UP/SP would operate on one line in each corridor, and some other carrier would operate on the other line in the corridor—thus avoiding the substantial traffic increases and operating changes that the UP/SP plan and Related Trackage Proposals entails.

In the present case, the SEA considered only the "merger" and "no merger" alternatives. EA, vol. 1 at ES-17 and ES-1. The SEA did not analyze the impacts of alternatives proposed by other parties (including the KCS alternative), or any other reasonable and feasible alternatives, based upon the SEA’s belief that the proposals would not exceed the STB’s environmental impact thresholds.

The complete lack of analysis of alternatives in the EA shows that the SEA did not give "full and careful consideration to possible alternatives" before reaching its finding of no significant impact. As such, the record is entirely inadequate to form the basis for a decision by the STB on the merits of proposed action.

V. As Proposed, the Merger and Related Trackage Proposals Will Have a Significant Environmental Impact. Therefore the SEA Must Prepare an Environmental Impact Statement

An EIS is required for any "major federal action significantly affecting the quality of the human environment." 49 C.F.R. § 1105.4(i); 42 U.S.C. § 4332. Further, where there exist "substantial questions whether a project may have a significant effect, an EIS must be prepared." The Steamboaters v. FERC, 759 F.2d 1382, 1392 (9th Cir. 1985). Since there
is no doubt that the proposed merger, Related Trackage Proposals and the CMA Agreement will have an impact on the quality of the human environment, the dispositive issue becomes whether the proposed merger will "significantly" affect the quality of the human environment.\(^5\)

The ICC environmental regulations adopt by reference the definition of "significantly" promulgated by the President’s Council on Environmental Quality (CEQ).\(^6\) These regulations specify the factors that the STB must consider in deciding whether the proposed action is considered "significant." These factors include: (1) the degree to which the proposed action affects the public health or safety; (2) unique characteristics of the geographic area; (3) the degree to which the effects on the quality of the human environment are likely to be highly controversial; (4) the degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks; (5) impacts that may be both beneficial and adverse; and (6) the degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.

The proposed merger, Related Trackage Proposals and CMA Agreement have the potential to significantly affect the public health and safety. They result in significant increases in rail traffic along a number of rail segments within the proposed UP/SP system.

\(^{5}\) The SEA acknowledges that the decision on the merger and Related Trackage Proposals is a "major Federal action" requiring review under the National Environmental Policy Act, 42 U.S.C. § 4332; 40 C.F.R. § 1508.18. EA, vol. 1 at ES-2.

\(^{6}\) The CEQ regulatory standards were designed to assist agencies in satisfying their statutory obligations under NEPA, and they apply to actions by every federal agency. 40 CFR §§ 1500.3, 1501.2; Andrus, 442 U.S. at 351.
The increased traffic will derive from a number of sources including the rerouting of train traffic within the consolidated UP/SP and BN/Santa Fe systems, diversions from other rail and non-rail carriers, and abandonments of certain rail segments.

Importantly, much of the traffic increases will occur between Houston and New Orleans, where congestion already is a problem. For example, a 1995 Louisiana Department of Transportation study showed that the East Bridge Junction, located on the NOPB rail line entering New Orleans, is the "principal bottleneck in Louisiana’s railroad network." As stated in the study:

The Junction is owned by the New Orleans Public Belt Railroad (NOPB), and links directly with Illinois Central trackage. Maintenance and operation of the Junction is governed principally by agreements between these two railroads. East Bridge Junction is, however, the state’s major rail gateway because it provides, in close proximity, linkage among the Southern Pacific and Union Pacific (via NOPB’s Huey Long Bridge), the Norfolk Southern (and via the NS, CSX), NOUPT (Amtrak), and NOPB’s mainline. The actual movement of trains across the Junction involves decisions by NS, IC and UP officials. In addition, several high volume roadway grade crossings are located nearby. As a result, the safety and efficiency of both highway and rail operations (both private and public), for both freight and passengers, are affected.

Add to the mix the fact that many of these trains are carrying hazardous commodities and will have to operate over the East Bridge Junction.

The second largest volume of rail traffic in the consolidated UP/SP system would move between Texas, Louisiana and Illinois. Texas, Louisiana and Illinois are ranked first, third and fourth respectively in terms of chemical production in the U.S. According to the

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7 Statewide Intermodal Transportation Plan, State of Louisiana Department of Transportation and Development, October 1995, p. 51.

U.S. Chemical Industry Statistical Handbook, 142 million tons of chemicals and allied products are shipped annually by rail. Id. at 157.

Because BN/Santa Fe has not submitted an operating plan or any information on its anticipated shipments of hazardous commodities, the SEA cannot evaluate the potential risks resulting from the operations of BN/Santa Fe under the Related Trackage Proposals. Without a formal traffic diversion study and BN/Santa Fe operating plan, the SEA cannot properly evaluate how the transportation of hazardous commodities will affect the environment.

BN/Santa Fe also has not submitted information on its current or anticipated future volume of hazardous materials traffic, nor has it provided evidence of its past experience and accident rate with respect to hazardous materials. In order for the SEA to thoroughly examine the impact on the environment, Applicants and BN/Santa Fe must submit such evidence along with evidence of any increased risk of accidents involving hazardous commodities as a result of the increased rail traffic and operational changes. Finally, BN/Santa Fe has not provided the SEA with its planned response action, including emergency actions and remedial actions, in case of a spill. As described by Mr. James R. McNally, General Manager of Hazardous Materials Systems in the Operations Department of Conrail, "[t]o gauge risk probability, the critical things to look at in a rail operating proposal are the amount of carrier handling, the number of carriers involved in a particular shipment, and mileage. . . [T]he more carriers added to the mix, the more chance for a mishap." CR-22, V.S. McNally at 7 and 10.
The merger and Related Trackage Proposals also will result in substantial changes in operations which will only increase the risk of accidents. Under the merger application and Related Trackage Proposals, BN/Santa Fe will be subject to the dispatching and operating schedules of UP/SP when operating on UP/SP trackage between Houston and Memphis and Houston and Iowa Junction. Likewise, UP/SP will be subject to the dispatching and operating schedules of BN/Santa Fe when operating on BN/Santa Fe trackage between Iowa Junction and Avondale. Moreover, BN/Santa Fe (and UP/SP) will be subject to KCS dispatch and scheduling in Beaumont and Shreveport. In New Orleans, the NOPB will be in control of dispatching and scheduling. These operational changes, combined with increases in rail traffic and densities, will increase the potential for accidents, incidents and derailments. As the chart attached hereto as Exhibit 1 illustrates, there are over 7000 residential homes that will suffer from increased noise and will be exposed in many cases to additional risks arising from potential incidents, accidents and derailments.

These safety risks are real. In the last three months alone, there have been ten major train derailments, eight of which have involved the release of hazardous chemicals to the environment. Six of the eight derailments involved trains operated by either SP or BN/Santa Fe. In addition to releasing hazardous and extremely hazardous substances to the environment, these accidents have resulted, inter alia in the evacuation of thousands of residents from their homes and offices. This recent rash of accidents illustrates that even a relatively minor accident involving hazardous commodities can have a significant impact on public health and safety.
Furthermore, the merger and Related Trackage Proposals will result in emissions increases of thousands of tons of pollutants, often exacerbating existing nonattainment problems. In other areas, the emissions increases may cause an attainment area to exceed the National Ambient Air Quality standards, which are designed to protect the public health and safety. In short, the effects of the proposed merger and Related Trackage Proposals are highly uncertain and highly controversial.

Given the magnitude of this proposed merger, a finding of no significant impact in this proceeding would establish a precedent for all future STB actions. If the SEA finds that this proceeding does not significantly impact the quality of the human environment, it is likely the SEA never will find an action that does. Finally, a finding of no significant impact in this proceeding would frustrate the very purpose of NEPA, which is to ensure informed decision making by the STB.

Accordingly, these "substantial questions" as to whether the proposed actions may significantly affect the quality of the human environment requires that the SEA must prepare an EIS. LaFamme v. FERC, 852 F.2d 389 (9th Cir. 1988); Jones v. Gordon, 792 F.2d 821, 827 (9th Cir. 1986); 42 U.S.C. § 4332(2)(C).

VI. Conclusion

The very purpose of the Environmental Assessment is to "provide sufficient evidence and analysis for determining whether to prepare an environmental impact statement." 40 C.F.R. § 1508.9(a). In this proceeding, the careful study and analysis prepared in connection with an EIS is necessary in order for the Surface Transportation Board to fulfill
the purposes of NEPA and make a "fully informed and well-considered decision" required by NEPA. Sierra Club v. United States Army Corps of Engineers, 701 F.2d 1011, 1029 (2nd Cir. 1983). Preparation of an EIS would "insure[] the integrity of the process of decision by giving assurance that stubborn problems or serious criticisms have not been 'swept under the rug.'" Id.

This 3rd day of May, 1996.

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Attorneys for The Kansas City Southern Railway Company

May 3, 1996
## EXHIBIT 1

| States | **RESIDENCES** | | **SCHOOLS** | | **CHURCHES** |
|--------|----------------|----------------|----------------|----------------|
|        | Premerger | Post Merger | Premerger | Post Merger | Premerger | Post Merger |
| AZ     | 110      | 223       | 3         | 4           | 2         | 3           |
| ARK    | 1015     | 1355      | 1         | 2           | 20        | 26          |
| CA     | 1064     | 2212      | 3         | 6           | 7         | 13          |
| CO     | 726      | 1567      | 2         | 5           | 2         | 7           |
| IL     | 19       | 39        | --        | --          | --        | --          |
| KS     | 688      | 1641      | 0         | 12          | 14        | 31          |
| LA     | 404      | 704       | 0         | 3           | 7         | 10          |
| NEB    | 166      | 482       | 0         | 2           | 0         | 5           |
| NEV    | 333      | 548       | 0         | 1           | 2         | 4           |
| OK     | 666      | 1219      | 0         | 1           | 7         | 30          |
| TX     | 762      | 2725      | 3         | 9           | 16        | 52          |
| UT     | 39       | 66        | --        | --          | --        | --          |
A. Correct.

Q. And so you have not held any such line operating position since the deregulation that was effected by the Staggers Act; is that correct?

A. That’s correct.

Q. And, at the times that you served as a line operating consultant, did you have any familiarity with a shipment of traffic under service or rate contracts with shippers?

A. A general familiarity, yes. Specific experience with it, no.

Q. In this proceeding did you inquire or analyze the extent of the traffic on the line segments at which you looked that now move under service contracts?

A. No.

Q. So you don’t know how much Southern Pacific traffic, for example, moves under service contract on those line segments?

A. That’s correct.

Q. Or UP traffic for that matter?

A. Yes.

Q. Do you know how much traffic on those line segments is open to BN/SF competition?
A. Not specifically, no. I have a general awareness of the overall volume and train origins and destinations, but again I don’t have specific knowledge of individual flows.

Q. You have not made any study, have you, as to how BN traffic movements on such segments would compare to the standards that may be presently required for such traffic under SP or UP shipper contracts?

A. I have made no study of that, that’s correct.

Q. With respect to your retention for this proceeding, were you retained specifically for this proceeding or do you have an ongoing consultancy relationship with the Burlington Northern/Santa Fe or one of its components?

A. I have been retained several times in the past by Burlington Northern/Santa Fe, but it’s not an ongoing relationship. Each project stands on its own merits and requirements.

Q. What were the terms, and by that I mean monetary terms of your consultancy arrangement for this proceeding, for this testimony?

MS. KUSSKE: I object to that as to relevancy.
instructed by your counsel not to.

A. Okay. This was not designed to be from its outset an operating plan per se in the context of ICC regulations. And I never understood it to be an operating plan.

It was to be a description of the level of service that BN/SF intends to provide to demonstrate that that service would be competitive with the service -- with the competition now provided on the service level and that it could be accommodated on the routes that were covered by the settlement agreement.

Q. And, because there was no intention that it comply, in your view it does not comply with what might be required under or what would be required under the regs; is that correct?

MS. KUSSKE: I'm going to object to that question. I don't think this witness is a lawyer obviously and can't testify whether or not it's in compliance with board regulations.

MR. HUT: He probably knows the answer to that better than most, if not all, of the lawyers in this room. But I take the point so I won't press the question.

BY MR. HUT:
experience a degradation in the service levels
they know today and in many instances would
actually obtain significant and improved
service.

First let me ask, what two-to-one
shippers would actually obtain significantly
improved service in your view?

A. That statement was addressed from a
background of a general knowledge of the SP and
to a degree the UP service being provided to
compete at these two-to-one points today. Again
it was not shipper specific, we conducted no
shipper interviews in conjunction with this, we
did not have a traffic study as I've stated in
the verified statement. So that I can talk only
in general terms where I feel that the service
level projected by BN/Santa Fe is at least equal
to or better than the second competitor today in
these corridors.

Q. And that's also the basis for the first
part of this sentence I take it, your general
conclusion is not based on any specific
discussions or interviews with any specific
shippers?

A. That's correct.
measures that would be in line with a low cost structure.

Q. What other elements of service do you look to in making an assessment of competitiveness other than transit time?

A. Well, certainly price is an important element of service that I would judge. And again I made no study or effort in regard to the pricing area at all in my element of this work.

Service and transit time has several components including a reliability component and consistency. It also has a component on such elements as loss in damage. So you can lump it into probably just price and service, but certainly the service element has many components.

Q. How about frequency of service?

A. That’s included in one of the components.

Q. And did you make an assessment of the frequency of BN/SF’s service compared to UP/SP’s service postmerger on these line segments?

A. With regard to specific shippers, no. I made a basic assumption that a shipper of any volume at all, their own requirements would
require a daily service type level, at least once a day as a minimum. But, since we didn’t contact individual shippers and since we didn’t have the benefit of a traffic study, service beyond once a day as projected in our plan was predicated primarily on the total train volume across a corridor instead of individual shippers.

We did have a recognition that additional trains may be warranted, additional frequencies may be warranted, and in several places I believe on the statement I’ve indicated that we would operate extra trains as required if the volumes exceeded the base level of service that we were installing.

Q. How about with respect to a service element that bears on competitiveness the capacity of a particular through train?

A. Capacity of a train or capacity of a line?

Q. Capacity of a train, the length, the number of cars, the consist.

A. Recognizing that any individual train may have a widely varying definition of capacity, depending on the commodities that it’s carrying, depending on the schedule commitments that it
this description of the service levels.

Q. And, when you refer to the formal
traffic study that was undertaken in connection
with the application that's the subject of this
proceeding, have you reviewed that study?
A. No.

Q. Further down, just prior to the three
bullets on the page, on page 3, actually looking
at the first bullet, you state that one of the
elements you determined was, quote, frequency and
commercial orientation of the basic service
BN/Santa Fe would have to provide, unquote.

MS. KUSSKE: I believe it says would

have to operate.

MR. HUT: It does. Thank you.

BY MR. HUT:

Q. Did you have any assumptions about the
amount of traffic that would be involved as to
which a frequency in commercial orientation would
relate?

A. I have a general knowledge of where
major traffic corridors exist in this country,
especially in the West, and, therefore, can tell
you in many instances anyway where volumes are
greater or lesser, at least in relation to each
correct?

A. That's correct.

Q. Has there been to your knowledge any joint UP-BN/SF scheduling for postmerger operations?

A. Not to my knowledge.

Q. And so you haven't seen the development or participated in the development, have you, of any streamline chart that would reflect postmerger UP and BN operations on the line segments in question?

A. That's correct.

Q. At the bottom of page 3, Mr. Owen, you make reference to a macro-level reasonableness check. If you would turn in Owen Exhibit No. 2 -- before I ask you about that, let me just clarify a point. At the time you met with the UP on December 7, to your knowledge they had not seen any draft statement that you had prepared?

A. That's correct.

Q. Turn, if you would, in Owen No. 2 to page -- it's toward the back. It's BN/SF 03224. Let me ask you a question and not assume what it looks like to me. Is this the calculation of net ton miles per train miles that is referred to in

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losses from the -- to the new UP/SP system and
due to internal reroute savings, we would have
some locomotives made available to us to operate
our new trains and that the surplus locomotives
made available from the existing service would
approximately offset the new locomotives required
to operate the new service.

And, therefore, the equipment fleet
size with regard to locomotives would fall within
normal periodic fluctuation of the traffic
levels. We would handle that very little
differently than we handle periodic traffic level
fluctuations. The same thing is meant to apply
to cars.

We did not conduct a study on
locomotives, as to whether we needed more or
fewer six-wheel truck locomotives, knowing that
we would have some offsets as yet undetermined
with regard to cars. I know that International
Paper has been quite active.

I did not conduct a study specifically
to paper cars or gondolas or to intermodal cars
to determine whether or not we didn’t -- whether
or not there would be surpluses created in one
area that could be released to another area. We
didn't have the benefit of shipper interviews, we
didn't have the benefit of a detailed traffic
text sample study to make such projections.

But, with regard to the equipment fleet
as a whole, we felt that the equipment fleet as a
whole would accommodate our new traffic. And I
have so stated.

Q. So that I understand that, though, you
cannot say with respect to any particular shipper
that new investment in equipment will not be
required?

A. No. And that I believe and in my
experience is a matter that's handled with each
individual shipper. When the available fleet
is -- that he needs is clear, that the shipper
may need is clear, if there's a shortage
existing, why, that's a periodic fluctuation in
traffic and steps will be taken to overcome that
shortage.

Q. Have you discussed the service
proposals that are set out in your statement with
any union, and by you I mean you or anyone at
BN?

A. I have not. And to my knowledge
there's been no union discussion. We do realize

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coal traffic as a result of the settlement agreement?

A. No specific projections for increase. I'm aware of selected other opportunities but no specifics as regarding the timing or anything else on the opportunity.

Q. On page 27 of your statement, under section H, the first sentence reads BN/Santa Fe anticipates no capacity constraints to providing competitive service on any of the routes covered by the agreement; and also, at the end of that paragraph, that new BN/Santa Fe service in many instances would result in no net increase in train density compared to pre-UP/SP merger levels.

Keeping that quote in mind, could you please describe the frequency of service that BN/Santa Fe expects to provide between Denver and Salt Lake City?

A. It will provide our nucleus, if you will, of six trains a day, total three each direction, and extra trains and unit trains as the business presents itself or it can be developed.

Q. Do you know whether BN's operating plan
for the central corridor -- I meant BN/Santa Fe, for the central corridor trackage rights between Denver and Salt Lake City make any provision for traffic increases on the central corridor lines which may occur in spite of the proposed merger?

A. Both the UP/SP operating plan and my description of the planned BN/SF operation are basically restatements of traffic as it exists today. And growth traffic is really -- is treated separately in plans such as this. So there's been no consideration of growth in what I've stated here, economic growth.

Q. Okay. If UP/SP coal traffic postmerger were to increase between Orestad and Denver by five trains a day total in both directions, would this affect the lines' capacity to handle BN/Santa Fe trains?

A. It might or it might not, I would really have to look at it in that context and make an analysis. And lacking that I can't really answer the question.

Q. Well, let me rephrase the question a bit. Would you agree that increases in traffic density and train frequency on a particular line can affect a railroad's ability to operate on the
CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing "Comments of The Kansas City Southern Railway Company on the Environmental Assessment" was served this 3rd day of May, 1996, by hand delivery to counsel for Applicants and BN/Santa Fe and by hand delivery or depositing a copy in the United States mail in a properly addressed envelope with adequate postage thereon addressed to each other party of record.

[Signature]
Attorney for The Kansas City Southern Railway Company
April 29, 1996

Elaine K. Kaiser, Chief
Section of Environmental Analysis
Surface Transportation Board
1201 Constitution Avenue, NW, Rm 3219
Washington, DC 20423

Vernon A. Williams, Secretary
Surface Transportation Board
Interstate Commerce Commission
12th and Constitution Ave. NW
Washington, D.C. 20423

Dear Chief Kaiser,

Pursuant to the Notice of Intent to Participate, submitted to you in letters dated December 26, 1995, the Chaffee County Board of Commissioners hereby submits its position statement concerning protest to the proposed merger and ENVIRONMENTAL ASSESSMENT as it pertains to the anticipated and proposed abandonment of 173 miles of track between Canon City, Colorado and Sage, Colorado and particularly to trackage within Chaffee County, Colorado.
1. Chaffee County Board of Commissioners is a body politic under the laws of the State of Colorado. The Board of Commissioners is made up of three County Commissioners elected at large (but residing in three separate districts). The Board of Commissioners is the administrative, legislative and policy making board of Chaffee County. Chaffee County was formed by an act of the State Legislature in February of 1879. Among the duties of the Board of Commissioners are the powers granted to Counties to regulate land use of all unincorporated portions of Chaffee County and to improve and protect the health, welfare and safety of all citizens and visitors to Chaffee County.

2. The Board of Commissioners has worked with other jurisdictions within Chaffee County concerning the matter of the merger and abandonment of lines proposed in this action. It has the wide spread consensus of agencies and entities that the abandonment of the 178 miles of track between Canon City and Sage, Colorado and in particular the mileage within the boundaries of Chaffee County will be detrimental to the environmental interest of the County and or at the very best, shouldn’t occur without the consideration of several environmental concerns.

3. Chaffee County Protests the following lack of information on or misrepresentation of:

A. Flood Plain ---- Several areas along Rail Corridor within Chaffee County are in the 100 year flood plan or in the flood inundation zone. (See Maps)

B. Prime Agricultural Land ---- The rail corridor in Chaffee County passes through several prime agricultural areas. (See Maps)

C. Ditches ---- No mention of irrigation and the impact of abandonment on easements, water rights and potential changes to land use patterns. (See Maps and Ditch / Water Rights fact sheet).

Past Spill and Disposal (Arsenic and Mercury )--- Reports of substantial hazardous material spills and adjacent site disposal in the nineteen hundreds (1900's) were not addressed. Some are in Chaffee County or in neighboring Lake County and have the potential of contaminating the water supply.

4. Mitigation Measures ----- If either abandoned or rail-banked that the merger parties or Southern Pacific be required to preform an environmental mitigation, a plan be implemented for removal of all hazardous waste and bonding be placed to perform such task. Also protection of prime agricultural lands, flood plains and irrigation ditches be insured.

It is the position of the Chaffee County Board of Commissioners that the interests of the residents, citizens, governments, agencies, businesses and other entities would be best served if the conditions set forth in this letter are imposed. Without the proposed conditions, the detrimental environmental affect of the proposed line abandonment to this region would be substantial.
Sincerely Yours,

Thomas H. Hale
County Administrator

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon applicants' Representatives:

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Prepaid, First-Class, Certified Return Receipt Requested, United States Postal Service.
Dated at Salida, Colorado, this 30th day of April, 1996

Kathy A. Leinz, Adm. Assist.
Chaffee County, CO - Land Use Patterns

Data Sources
- Historic Land Use
  Harrison Resource Corporation &
  National Biological Survey
- Irrigation and Railroad Locations
  U. S. Bureau of the Census
  1992 Data (Tiger Line Maps)

Scale = 1:900,000
Chaffee County, CO - Land Use Patterns

Data Sources

Historic Land Use
Harrison Resource Corporation & National Biological Survey

Irrigation and Railroad Locations
U.S. Bureau of the Census
1992 Data (Tiger Line Maps)

Scale = 1:160,000
Chaffee County, CO - Land Use Patterns

Data Sources

Historic Land Use
Harrison Resource Corporation & National Biological Survey

Irrigation and Railroad Locations
U.S. Bureau of the Census
1992 Data (Tiger Line Maps)

Scale = 1:160,000
Chaffee County, CO - Land Use Patterns

Buena Vista

Data Sources
- Historic Land Use:
  Harrison Resource Corporation &
  National Biological Survey
- Irrigation and Railroad Locations:
  U.S. Bureau of the Census
  1992 Data (Tiger Line Maps)

Scale = 1:160,000
Chaffee County, CO - Land Use Patterns

Data Sources
Historic Land Use
Harrison Resource Corporation & National Biological Survey
Irrigation and Railroad Locations
U. S. Bureau of the Census
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City of Salida
AREA NOT INCLUDED
SAN ISABEL NATIONAL FOREST

This Area of San Isabel National Forest Not Mapped – All Zone D

Panel Number
080269 0075 B

NOTE: MAP AREA!
April 29, 1996

Elaine K. Kaiser, Chief
Section of Environmental Analysis
Surface Transportation Board
1201 Constitution Avenue, NW, Rm 3219
Washington, DC 20423

Vernon A. Williams, Secretary
Surface Transportation Board
Interstate Commerce Commission
12th and Constitution Ave. NW
Washington, D.C. 20423

RE: LETTER OF PROTEST CONCERNING ENVIRONMENTAL ASSESSMENT
ON FINANCIAL DOCKET NO. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD AND MISSOURI
PACIFIC RAILROAD COMPANY
CONTROL AND MERGER
PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC TRANSPORTATION COMPANY,
ST. LOUIS SOUTHER WESTERN RAILWAY COMPANY, SPCSL CORPORATION AND
THE DENVER & RIO GRANDE WESTERN RAILROAD COMPANY

Docket No. AB-12 (Sub-No. 188)
Docket No. AB-8 (Sub-No. 39)
Docket No. AB-8 (Sub-No. 36x)
Docket No. AB-3 (Sub-No. 130)

SUBMITTED BY
CHAFFEE COUNTY BOARD OF COMMISSIONERS
P.O. BOX 699
SALIDA, CO. 81201-0699

Dear Chief Kaiser,
Dear Secretary Williams:

Pursuant to the Notice of Intent to Participate, submitted to you in letters dated December 26, 1995, the Chaffee County Board of Commissioners hereby submits its position statement concerning protest to the proposed merger and ENVIRONMENTAL ASSESSMENT as it pertains to the anticipated and proposed abandonment of 173 miles of track between Canon City, Colorado and Sage, Colorado and particularly to trackage within Chaffee County, Colorado.
Chaffee County Board of Commissioners is a body politic under the laws of the State of Colorado. The Board of Commissioners is made up of three County Commissioners elected at large (but residing in three separate districts). The Board of Commissioners is the administrative, legislative and policy making board of Chaffee County. Chaffee County was formed by an act of the State Legislature in February of 1879. Among the duties of the Board of Commissioners are the powers granted to Counties to regulate land use of all unincorporated portions of Chaffee County and to improve and protect the health, welfare and safety of all citizens and visitors to Chaffee County.

2. The Board of Commissioners has worked with other jurisdictions within Chaffee County concerning the matter of the merger and abandonment of lines proposed in this action. It is the widespread consensus of agencies and entities that the abandonment of the 178 miles of tract between Canon City and Sage, Colorado and in particular the mileage within the boundaries of Chaffee County will be detrimental to the environmental interest of the County and or at the very best, shouldn’t occur without the consideration of several environmental concerns.

3. Chaffee County Protests the following lack of information on or misrepresentation of:

A. Flood Plain ---- Several areas along Rail Corridor within Chaffee County are in the 100 year flood plan or in the flood inundation zone. (See Maps)

B. Prime Agricultural Land ---- The rail corridor in Chaffee County passes through several prime agricultural areas. (See Maps)

C. Ditches ---- No mention of irrigation and the impact of abandonment on easements, water rights and potential changes to land use patterns. (See Maps and Ditch / Water Rights fact sheet).

Past Spill and Disposal (Arsenic and Mercury) --- Reports of substantial hazardous material spills and adjacent site disposal in the nineteen hundreds (1900’s) were not addressed. Some are in Chaffee County or in neighboring Lake County and have the potential of contaminating the water supply.

4. Mitigation Measures ---- If either abandoned or rail-banked that the merger parties or Southern Pacific be required to preform an environmental mitigation, a plan be implemented for removal of all hazardous waste and bonding be placed to perform such task. Also protection of prime agricultural lands, flood plains and irrigation ditches be insured.

It is the position of the Chaffee County Board of Commissioners that the interests of the residents, citizens, governments, agencies, businesses and other entities would be best served if the conditions set forth in this letter are imposed. Without the proposed conditions, the detrimental environmental affect of the proposed line abandonment to this region would be substantial.
Elaine K. Kaiser
Vernon A. Williams
April 29, 1996
Page Three

Sincerely Yours,

[Signature]
Thomas H. Hale
County Administrator

CERTIFICATE OF SERVICE

I Hereby certify that I have this day served the foregoing document upon applicants’ Representatives:

Hon. Jerome Nelson
Administrative Law Judge
Federal Energy Regulatory commission
825 North Capitol Street, NW
Washington, D.C. 20426

Arvid E. Rosch, II, Esq.
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

Paul A. Cunningham, Esq.
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036

Gary Laakso, General Attorney
Southern Pacific Building, Room 845
One Market Plaza
San Francisco, CA 94105

Robert Opal, General Attorney
1416 Dodge Street
Omaha, NE 68179-0830

Prepaid, First-Class, Certified Return Receipt Requested, United States Postal Service.
Dated at Salida, Colorado, this 30th day of April, 1996

Kathy A. Leinz, Adm. Assist.
Chaffee County, CO - Land Use Patterns

Data Sources

Historic Land Use
Harrison Resource Corporation &
National Biological Survey

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U.S. Bureau of the Census
1992 Data (Tiger Line Maps)

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Buena Vista

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Salida

Poncha Springs

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March 22, 1996

Mr. D. Stephen West, P.E.
City Manager/Engineer
90 W. Fourth St.
Winnemucca, NV 89445

Dear Messrs. West and Fransway:

With reference to our meeting of March 15, 1996 concerning the rail merger impact on the City of Winnemucca:

We appreciate the time that both of you, Rod Nels and Mike Christensen spent with us to explain the concerns with the existing Southern Pacific crossing at Bridge Street. We have looked at Rod’s proposal of building a new connection west of town and I am attaching a print that will show this proposed new connection, along with the existing sidings that would have to be constructed adjacent to both the Southern Pacific and Union Pacific main lines to handle the proposed traffic. The connection and the sidings have all been summarized under Alternate #2 and the estimated cost to do this relocation would be $25.5 million.

We have also looked at the proposed underpass at Melarkey Street, if you went from Melarkey Street to Bridge Street. You will see from the plan and profile we propose to raise the tracks slightly through Bridge Street in order to accommodate the proposed underpass. The proposed approach grades for this underpass are shown on the attached Drawing SK-1. Drawing SK-2 shows what the proposed underpass would look like. Just to let you know what the grades would be if you went straight through Melarkey Street, we have shown the approach grades on Drawing SK-3. I don’t believe this would be acceptable to either the City or its citizens.
In connection with both of the Melarkey to Bridge Street underpass, we have proposed that Railroad Street would have to be closed on both sides of Melarkey and a cul de sac constructed. On the summary sheet, this is shown as Alternate #1 with a cost of $4,000,000 with the railroad willing to contribute 13% of the cost, which then leaves approximately $3,500,000 for which the City/County would have to find the funding. We will continue to work with the City and their consultant to see what funding is available if the City/County desires to pursue the underpass proposal.

If you or the City need any further information to help facilitate your review, please call.

Yours truly,

Bill Wimmer

CC: Mr. C Rod Nelms  
Executive Legislative Director  
United Transportation Union  
1210 Mizpah  
Winnemucca, NV 89445

Mr. Michael R. Christensen, P.E.  
Vice President  
Nolte and Associates  
2950 Buskirk Ave., Ste. 225  
Walnut Creek, CA 94596

Mr. Drew Lewis, Union Pacific Corporation, Bethlehem, PA  
Mr. Dick Davidson, Union Pacific Corporation, Bethlehem, CA  
Mr. Mike Rock, External Relations, Washington, D.C.  
Mr. Wayne Horiuchi, Special Representative, UPRR, Sacramento, CA  
Mr. Jerry Rugg, Southern Pacific Lines, Denver, CO
## Summary of Winnemucca Proposals

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
<th>Estimate of Probable Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alternate No. 1</strong></td>
<td><strong>Proposed Grade Separation on SP</strong></td>
<td></td>
</tr>
<tr>
<td>Underpass</td>
<td>Underpass from Melarkey St. to Bridge St.</td>
<td>$ 4,000,000</td>
</tr>
<tr>
<td></td>
<td>(less UP/SP contribution of 13%)</td>
<td>$ 520,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 3,480,000</td>
</tr>
<tr>
<td><strong>Alternate No. 2</strong></td>
<td><strong>Proposed New Construction to Replace SP Through Town</strong></td>
<td></td>
</tr>
<tr>
<td>Connection W. of Town</td>
<td>2.2 mile connection UP to SP</td>
<td>$ 8,100,000</td>
</tr>
<tr>
<td>Siding on SP</td>
<td>9300' siding on SP west of new conn.</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>Siding on UP</td>
<td>2 train lengths just east of new conn.</td>
<td>$ 5,700,000</td>
</tr>
<tr>
<td>Extend both ends of UP siding at Winnemucca</td>
<td>Extend 2.4 miles west</td>
<td>$ 4,200,000</td>
</tr>
<tr>
<td></td>
<td>Extend to 2.8 miles east</td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total $ 25,500,000</td>
</tr>
</tbody>
</table>

**DATE:** 22-Mar-96  
**FILE:** h:\upsmerg\winemuca.xls
November 13, 1995

Julie Donsky, Environmental Scientist
Dames & Moore
One Continental Towers
1701 Golf Road, Suite 1000
Rolling Meadows, Illinois 60008

Re: ENVIRONMENTAL REPORT - UNION PACIFIC & SOUTHERN PACIFIC RAILROADS APPLICATION FOR MERGER

Dear Ms. Donsky:

The Humboldt County Commissioners are in receipt of your letter dated October 5, 1995 on the above-referenced matter. The Commissioners discussed the proposed merger and the areas identified in your letter for comments. After discussion the Commissioners asked that you be notified of the following:

- Protected species information (State; Federal) within 5 miles of each site: This information can be obtained from federal and state agencies such as the Bureau of Land Management, U.S. Forest Service and Nevada Department of Wildlife.
- Listing of critical habitats within 5 miles of each site: Contact same agencies as referenced above.
- Citations to any permitting/approval authority which you believe your state has over the actions identified: We are not familiar with what, if any, authority the State of Nevada agencies may believe they have regarding this project. Please contact the State of Nevada directly for their input.
- Any other information you would like to provide regarding environmental matters or local concerns at these sites: Humboldt County would like to have our Local Emergency Planning Committee kept advised of this proposed merger and any matters which may have an effect on emergency management planning in Humboldt County. The Chairman of the LEPC is Fred Huriburt, P.O. Box 36, Golconda, NV 89411, 702-623-5473.

If you have any questions, please feel free to contact this office at 623-6300.

Sincerely,

Kerry L. Hawkins
County Administrator

xc: Fred Huriburt
April 3, 1996

Julie Donsky, Environmental Scientist  
Dames & Moore  
One Continental Towers  
1701 Golf Road, Suite 1000  
Rolling Meadows, Illinois 60008

RE: COMMENTS FOR ADDENDUM TO ENVIRONMENTAL REPORT - UNION PACIFIC AND SOUTHERN PACIFIC RAILROAD MERGER

Dear Ms. Donsky:

In response to your letter dated March 26, 1996 to the Humboldt County, Nevada Board of Commissioners requesting that you be informed of any concerns regarding the above referenced merger application, enclosed please find a copy of the Verified Statement filed with the Surface Transportation Board on behalf of the City of Winnemucca and Humboldt County, Nevada. This document shall serve as Humboldt County’s comments for inclusion in the Environmental Report being prepared by Dames & Moore in the following areas: traffic effects, environmental assessment thresholds, air quality, noise, and emergency services-public safety.

We have also been advised by the Surface Transportation Board that their Section of Environmental Analysis is preparing an Environmental Assessment on the effects of the proposed merger. They indicated that we will be provided copies of this report in mid-April for comment.

Sincerely,

[Signature]
Kerry L. Hawkins  
County Administrator

xc: County Commissioners  
District Attorney  
City Attorney  
City Manager
SAN ISABEL NATIONAL FOREST

This Area of San Isabel National Forest
Not Mapped – All Zone D

Panel Number
080269 0075B

NOTE: MAP AREA 5
Arkansas Valley Chapter, People for the West, finds the SEA independent analysis to fall considerably short of the quality required to credibly support the ES. Conclusion, p. ES-19, and fails to conform to the "letter and spirit" of Section 102(2)(C) of NEPA.

1. Clearly, SEA's attempt to circumvent the "spirit" of CEQ requirements specified in 40 CFR 1500.1(b) by subjecting its 12 pounds of environmental information to public scrutiny for digestion and comment in the short period of 14 days. Notwithstanding that gross constraint on our ability to rigorously evaluate the document for its adherence to science, we feel compelled to hold SEA and its consultant accountable for obvious mischaracterizations and omitting relevant information from its analysis that diminish the confidence in its finding that the merger, construction and abandonment proposals would significantly affect the quality of the human environment.

2. Our letter of March 11, submitting the Chapter Position of March 5, 1996, p. E-73, is mischaracterized on p. 5-7, Vol 1 and in Vol 3, Chap 4, p. 4-28, under both 4.2.6 and 4.2.7. Neither the context of the letter, the context of the Position, or the context of the two taken together can be construed that the Chapter was referring to (salvage), or that we were advocating, or "suggested conversion of the abandoned line to trail use." To the contrary, the Chapter is aware of impacts to local human environments and local economies of experiments with indiscriminant conversion of abandoned railroad rights-of-way into subsidized public trails. The Chapter is therefore opposed to such mischief for the reasons explained in its Position and expects SEA and its consultant to acknowledge and fully address the concerns expressed as concerns mandated to be addressed under Section 102(2)(C)(iv) of NEPA and the correlative CEQ regulations.

We find nowhere in NEPA a provision that permits a government agency to arbitrarily subordinate individual constitutional rights to own and control property to intangible aesthetic, recreational, and ecological values on which environmental assessments have a propensity to focus. On the other hand, Congress expressed...
D&RGW consistently used leak-proof tankers or cars to haul the products over the years, or that a car did not occasionally upset somewhere along the line. Apparently, SEA did not address the possibility the rights-of-way proposed to be abandoned may well contain the same contaminants that EPA Region VIII expressed concern about. We found no indication that selective samples were collected, much less that the samples were properly analyzed and the results scrutinized to identify environmental contamination and risk—a necessary first step for both protecting public health and safety and in designing an appropriate method for cleaning up the mess, should anomalous conditions be found. By its failure to conduct a minimal objective reconnaissance investigation of the rail corridors proposed to be abandoned, SEA has no basis which conforms to 40 CFR 1500.1(b) and 1500.2(b) to support its finding of "no significant impact on the human environment" as the terms are defined in 40 CFR 1508.

5. We found no provision of NEPA or the CEQ regulations that permit SEA to arbitrarily declare, or recommend to STB, that "... abandonment proposals would not significantly affect the quality of the human environment." Nor, did we find a provision that precludes SEA from evaluating the potential environmental perils of exposing an unsuspecting public to unregulated, undocumented, long-forgotten dribbles and spills known to have occurred on many of the rail corridors targeted for public trail use. To the contrary, Congress in its declaration of policy, NEPA Sec. 101(b)(2) and (3) commits the Federal Government to use all practical means (including financial and technical assistance) . . . to coordinates Federal plans, functions, and programs . . . to the end that . . . (2) assure for all Americans safe, healthful, productive, and esthetically and pleasing surroundings; (3) attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences; . . ." Thus, Congress and CEQ intended government agencies to bear the burden of initiating the process of environmental assessment to credibly identify risks to which the public may become exposed as a result of an agency decision, including investigation of a railbed to assure conditions are suitable for public use as a trail. Despite the government commitment to provide the resources to assure public health and safety, ICC adopted its 49 CFR 1152.29 to approve applications for "railbanking" without a proper environmental investigation to determine the "railbank" suitable for public contact and use as a recreational trail. The regulation further transfers any legal liability (CERCLA ?) from the Railroad to the "unsuspecting" state, political subdivision, or qualified organization"—apparently, a buyer beware attitude. 49 CFR 1152.29(b)(1) does, however, provide a skinny 30 day protest and comment window in which a protestant may file a protest according to the labyrinth of conditions and procedural requirements specified under 49 CFR 1152.26. While "environmental impact, impacts on rural and community development and suitability of the properties for other public purposes" are acknowledged as causes for protest, the protestant is obliged to expend his time resources prodding the investigation to a resolution. Thus, ICC regulations effectively turn Congressional intent and CEQ regulations on their head. We believe SEA has an opportunity, nay, a duty, to abandon the ICC regulations which have misdirected its environmental assessment and bring its investigation up to the level of objectivity required by NEPA and the CEQ regulations.
May 2, 1996

Surface Transportation Board
Section of Environmental Analysis, Room 3219
Attn: Elaine K. Kaiser
1201 Constitution Ave., N.W.
Washington, D.C. 20423

SUBJECT: ENVIRONMENTAL ASSESSMENT OF PROPOSED UP/SP MERGER

Dear Ms. Kaiser,

Thank you for providing Placer County with the opportunity to review and comment on the Environmental Assessment of the proposed merger of the Union Pacific and Southern Pacific Railroads. The proposed merger is of interest to Placer County because of the potential for the merger to create adverse impacts. In summarizing our comments, Placer County is concerned with the adverse impacts related to:

- safety at at-grade crossings;
- safety with respect to blockage of emergency service responses;
- safety due to the increased likelihood of a hazardous material incident;
- regional and local transportation systems due to increased congestion and delay at at-grade crossings; and
- noise and air quality impacts.

We feel that the Environmental Assessment fails to address some very fundamental and crucial aspects of these issues. Finally, the mitigation measures that have been proposed are slanted toward consulting with appropriate agencies and developing plans, but lack requirements for implementation. We feel that this needs to be strengthened.

We offer the following specific comments on the Environmental Assessment of the proposed merger of the Union Pacific and Southern Pacific Railroads (Finance Docket No. 32760), for your consideration.

Volume 1, Page 1-10. The Surface Transportation Board’s Air Quality and Noise Thresholds for Impact Analysis for Rail Yards is questionable. A percentage increase in carload activity does not seem to be an appropriate indicator of the potential for impact on
noise or air quality. We believe that there needs to be another qualifying indicator, as with the other thresholds. An examination of Table 1-4 provides an indication of how such a threshold is flawed. The Roseville, California Rail Yard is expected to experience an increase of 584 rail cars per day which is not identified as having the potential for noise impacts. Yet, the Salem, Illinois Rail Yard will experience an increase of 69 rail cars per day and has been identified as having the potential for noise impacts.

Volume 1, Page 2-20. The Environmental Assessment fails to adequately address impacts to local and regional systems. This is due to the fact that the definition of impacts to local and regional transportation systems is too narrow in focus. It therefore misses the most significant potential impact, which is the impact of additional train activity at at-grade crossings of the local and regional transportation system. With 39,884 at-grade crossings it is easy to see that the additional train activity will have far greater impact on local and regional transportation systems than the 2,648 additional trucks in the vicinity of intermodal facilities.

Volume 1, Page 2-22. Safety impacts fail to recognize the potential for an impact to safety due to additional trains at at-grade crossings. To limit the potential impact to "new rail-highway grade crossings" is inappropriate. Another safety issue that is not addressed is the impact to emergency service response times. This issue is critical to Placer County, where large areas become isolated with the blockage of at-grade crossings, blockages that will increase with more frequent and longer trains.

Volume 1, Page 2-22. The safety impacts at at-grade crossings are dismissed by the nonsensical statement that "51 percent of rail segments on the merged system would experience an increase in train traffic, 8 percent experience no change, and 41 percent would experience a decrease." This technique for measuring impact bears absolutely no relationship to the criteria stated earlier in the same paragraph. These criteria include train and highway traffic, the number of tracks, the pavement surface, the number of highway lanes, traffic and train speed, etc. The document should acknowledge that there will be a significant adverse safety impact at at-grade crossings in Placer County as a result of the tremendous increase in train activity on the Roseville to Sparks and Roseville to Marysville rail lines.

Volume 1, Page 2-23. There is no basis for the assertion that because some rail lines will experience a decrease in train activity and some will experience an increase that there will be a negligible increase in delay. In fact, it does not consider the factors which influence delay as cited in the previous paragraph (specifically train length and speed of train). Obviously, the impact of the merger on delay can not be assessed by only determining the number of lines that will experience an increase or decrease in rail traffic. These measures fail to recognize the vast differences that exist between the numerous lines. As an example, in Placer County, the Donner Route between Roseville and Sparks has two lines. One of
Elaine K. Kaiser
May 2, 1996
Page 3

these lines has many more at-grade crossings than the other. An increase on this line will have a far greater delay impact than an increase on the other.

Volume 1, Page 2-24. Based on the projected increase in rail line traffic, the likelihood of a hazardous material incident will be increased by almost 50% in Placer County. Based on the increase in the number of rail cars handled at the Roseville yard, the projected increase in the likelihood of a hazardous material incident is over 50%. This is a significant impact that warrants discussion and mitigation.

Volume 1, Page 2-25. One of the fuel consumption impacts that has been dismissed is the effect of increased delays at at-grade crossings. Fuel consumption would increase with idling vehicles and with engine stops and starts.

Volume 2, Page 1-4. Again, the criteria for determining impacts on local and regional transportation systems is too narrow in focus. It misses the most important measure of potential impact: disruption of traffic flows at at-grade crossings.

Volume 2, Page 1-23. The conclusion that the merger will result in no adverse energy-related impacts fails to consider increased fuel consumption caused by delays at at-grade crossings. With 39,884 at-grade crossings, vehicular fuel consumption on roadways delayed by a passing train is obviously a more important consideration of fuel consumption impacts than the number of truck to train diversions.

Volume 2, Page 1-23 (and Appendix G). The air quality impact evaluation does not consider the impact of idling vehicles at at-grade crossing due to increased vehicular delay. Additional pollutants will be emitted due to this idling and engine stops and starts.

Volume 2, Page 4-2. A portion of the Sacramento Valley AQCR is in a non-attainment area for ozone. This appears to have been inadvertently omitted.

Volume 2, Page 4-21. The conclusion that no adverse air quality impacts will occur appears to be based on the amount of emissions at one crossing of 5,000 vehicles per day. We believe that two significant issues have not been considered in making this conclusion. First, the evaluation of air quality impacts at grade crossings fails to include automobile and truck engines stops and starts. Second, the evaluation does not consider the number of crossings effected or the actual traffic volume at the crossings.

Volume 2, Page 4-27. In the discussion of Auburn, it is stated that there are four crossings on the eastern line and none on the western. There are five on the eastern (Luther Road, Auburn Ravine Road, Agard Street, Pleasant Avenue, Sacramento Street) and one on the western (Blocker Drive).
Elaine K. Kaiser
May 2, 1996
Page 4

Volume 2, Page 4-28. For Loomis, it is stated that there are two at-grade crossings. There are three (Webb Street, Sierra College Boulevard and King Road). The community of Newcastle, one of the few locations where both the eastern and western tracks are side-by-side, and with a population concentration much denser than many of the other cited communities, is conspicuously absent.

Volume 2, Page 4-29. As shown in the Table, which does not include the above mentioned omissions, the number of sensitive receptors will more than double in Placer County. This must be considered a significant adverse impact.

Volume 2, Page 4-42. The mitigation measures consist of consultations and development of plans, and lack any requirements for implementation. Each mitigation measure should be changed to include implementation. Specifically, the following changes are recommended:

Air Quality. The sentence "UP/SP shall advise SEA of the results of these consultations" should be changed to "UP/SP shall implement all reasonable mitigation measures developed jointly with appropriate Federal, State and local agencies and shall advise SEA of progress toward implementation of each measure."

Noise. The first sentence should be changed from "..., UP/SP shall consult with appropriate state and local agencies to develop noise abatement plans" to "..., UP/SP shall consult with appropriate state and local agencies to develop and implement noise abatement plans. The noise abatement plans shall be approved by the appropriate state and local agencies and SEA."

Transportation and Safety. The last sentence should be changed from "UP/SP shall periodically advise SEA of the status of these consultations ..." to "UP/SP shall submit the final mitigation plans to the SEA, shall implement the mutually agreeable mitigation plans, and shall advise SEA on a quarterly basis of the status of implementation."

Finally, mitigation measures will need to be identified when meaningful analysis of delay, safety, energy consumption and hazardous material impacts is performed. We have been in a dialogue with Union Pacific Railroad in an attempt to identify appropriate mitigation of the impacts that we can foresee.

In conclusion, there are a number of issues that must be addressed before the SEA can make a defensible conclusion on the potential impact of the merger. Noise and air quality thresholds for rail yards must be re-visited, the focus of impacts to regional and local transportation networks must address at-grade crossings, the safety impacts analysis needs to provide a meaningful discussion of at-grade crossings and emergency service response...
times, the increase in hazardous material incidents must be discussed and mitigated, the impacts due to delay need to be discussed, fuel consumption due to additional delays must be quantified, and emissions due to idling and engine stops and starts must be included in the air quality analysis.

Thank you for providing us the opportunity to review the environmental assessment. If you have any questions, please feel free to contact Mr. Thomas F. Brinkman at 916-889-7514 if you have any questions.

Yours very truly,

[Signature]
Jan Witter
Director of Public Works

cc: Don Lunsford, County Executive Officer
    Anthony LaBouff, County Counsel
    John Marin, Board of Supervisors
    Fred Yeager, Planning Director
    Tim Douglas, PCTPA
TO: Kevin Ellis
AT: 
PHONE: 
FAX NO: 
DATE: May 3, 1996
FROM: Steve Brooks
FILECODES: 
Copy submitted for filing: Y / N by:

No. of pages sent, including this cover: 1 Hard Copy to follow : No
SUBJECT: Control Numbers
MESSAGE: Please provide the control numbers of the following. THANKS!

Secy's Date Stamp From Number
3/25 Oregon Office of the Governor; Statement by OR DOT
3/28 CA PUC, comments on Petition for Exemption to Abandon Wendel-Alturas Line
3/28 KS DOT (John Jay Rosacker)
3/28 Pueblo CO, Comments & Evidence
3/28 City of Roseville, CA, Request for Conditions
3/29 Dorothy M. Mercer
3/29 Rails-to-Trails; Comments & Conditions
3/29 Railroad Commission of Texas
3/29 Sedgewick County, KS and Wichita, KS; Petition and Notice; Conditions; Verified Statements
3/29 CA PUC
3/29 Eagle County CO; Comments

P. S - no hotline calls today
May 2, 1996

Elaine K. Kaiser
Chief, Section of Environmental Analysis
Surface Transportation Board
Washington, D.C. 20423-0001

RE: Union Pacific/Southern Pacific Railroad Merger (Finance Docket No. 32760)

Dear Ms. Kaiser:

Thank you for your April 12, 1996, correspondence concerning the above merger. We are responding to your request to review the Environmental Assessment (EA) for this undertaking.

In general we believe that the need to identify historic properties (cultural resources) and determine eligibility and potential impacts to them has been satisfactorily addressed. In addition we agree with potential assessments of effects identified within each of the five categories of activities except as specified in our comments below:

April 12, 1996 letter

Page 2, paragraph two, next to last sentence - It is our understanding - and our expectation - that Colorado Cultural Resource Survey forms are being prepared for the railroad lines and all associated features, rather than only bridges.

Attachment A

Page A-2, Category 3 - We look forward to receiving an inventory record form for the water tower at the Denver North Yard intermodal facility.

Page A-3, Category 4 - All three railroad abandonment projects in Colorado have the potential to adversely affect historic properties if the railroad lines themselves are determined eligible for inclusion in the National Register of Historic Places and if contributing features, including but not limited to bridges, will be impacted. Activities involving individually eligible structures also may constitute an adverse effect.
Elaine K. Kaiser  
May 2, 1996  
Page 2

**Page A-4. Category 5** - There is also a potential for adverse effects in the event that the new connections and new sidings will occur in previously undisturbed areas.

**Attachment C**

The discussion of the area of potential effects (APE) and the criteria of adverse effects was quite clear and comprehensive. We would suggest substituting "constructed" for "established" (page C-3, (2), second "bullet", line two).

**ENVIRONMENTAL ASSESSMENT (EA)**

**Volume 1**

**Page ES-16. Abandonments** - This discussion does not address the potential to impact historic properties.

**Page 1-25, paragraph two, line 14** - We believe that "Antonio" should be "Antonito".

**Page 3-6. Section 3.4** - We request that "known" be added before "historic resources" in all three subsections, since surveys have not yet been completed and reviewed for any of the three abandonment areas. Tables on pages 3-14, 15 and 16 will need to be updated once the surveys are completed and consultation with our office regarding National Register eligibility has been conducted.

**Page 6-1. Section 6.0**

While we agree that it is not likely that historic properties will be impacted by the increased activity, rail yards and intermodal facilities categories, we wish to reiterate the comments made in our February 2, 1996, response regarding the potential for activities involving previously undisturbed ground to have the potential to impact historic properties. In addition, if previously unidentified historic properties are located within the APE, it will be necessary to evaluate their eligibility and determine effects.

**Volume 3**

**Pages 4-14 (Section 4.1.7), 4-16 (Section 4.1.8), 4-28 (Section 4.2.7), 4-29-30 (Section 4.2.8), 4-42 (Section 4.3.7) and 4-43 (Section 4.3.8)** - Completion of appropriate cultural resource inventory record forms, interim maintenance and addressing discoveries do not constitute mitigation measures for adverse effects. Typical mitigation measures for these types of historic/architectural resources include archival quality recordation to Historic American Buildings Survey/Historic American Engineering Record (HABS/HAER) standards, marketing historic properties with preference given to recipients willing to maintain the properties in accordance with the Secretary of the Interior’s Standards and Guidelines, Rails-to-Trails conversions and interpretation. Standard mitigation measures for subsurface resources when avoidance or in-place preservation is not possible include data recovery and completion of a report after development of an appropriate research design, curation of artifacts, monitoring disturbance and publication of findings in appropriate professional venues.
Page 4-34 - It will be necessary to address the National Register eligibility of the Towner to NA Junction section of the Hoisington Subdivision railroad line itself, as well as associated features, in addition to the individual eligibility of features, including but not limited to bridges.

Page 4-38 - The Colorado State Historic Preservation Officer has not yet been requested to comment specifically on the effects of the abandonment of the Towner to NA Junction section. We will not be able to offer our opinion on the effects of any of the proposed activities having the potential to affect historic properties until we have reviewed and commented on the results of appropriate surveys to identify such properties.

Page 4-43, Historic and Cultural Resources - Comment #1 is not applicable to this segment.

Page 4-20. Historic and Cultural Resources - If there are no historic properties located within the APE of this new connection (described in Section 4.2.1), then there will be no effect on historic properties.

In the future we would appreciate having more than fifteen working days to review a five-volume document such as this EA. We are concerned that other agencies having jurisdiction regarding some or all of the proposed activities as well as interested parties may not all be able to provide meaningful comment within such a short time frame.

If we may be of further assistance, please contact Kaaren Hardy-Hunt, our Technical Services Director, at (303) 866-3398.

Sincerely,

James E. Hartmann
State Historic Preservation Officer

JEH/KKP
Ms. Elaine Kaiser  
Section of Environmental Analysis  
Surface Transportation Board  
12th and Constitution Avenue, Room 3219  
Washington, D.C. 20423-0001

Dear Ms. Kaiser:

Thank you for your letter of April 5, 1996 to the Washington State Office of Archaeology and Historic Preservation (OAHP) regarding the above referenced proposal. From your material, I understand that the Surface Transportation Board (STB) requests a determination of eligibility and opinion of effect in response to the proposed Union Pacific Railroad expansion at its Seattle Intermodal Facility.

In response, based upon the material provided in your letter, it is my opinion that the waste management facility on Dawson Street and the Denver Avenue gate are not eligible for listing in the National Register of Historic Places. Further, it is also my opinion that this action will have no effect upon properties listed in, or eligible for listing in, the National Register. As a result of this opinion, further contact with OAHP regarding this action at the Seattle Intermodal Facility is not necessary.

Thank you for the opportunity to comment. Should you have any questions, please feel free to contact me at (360) 753-9116.

Sincerely,

Gregory Griffith  
Comprehensive Planning Specialist

GAG:tjt
March 27, 1996

Elaine K. Kaiser  
UP/SP Environmental Project Director  
Section of Environmental Analysis  
Surface Transportation Board  
12th and Constitution Avenue, Room 3219  
Washington, D.C.  29423-0001

RE: Finance Docket No. 32760 - Comments

Dear Ms. Kaiser,

This letter is in regards to the potential increase in train traffic through the North Auburn area due to the merger of Union Pacific and Southern Pacific. It is our understanding that the increase in traffic volume will be 2 to 3 times what we are currently experiencing.

Unmitigated, this additional traffic will have negative impacts to fire and life safety issues and to our ability to serve the public. Of several issues, the most obvious and pressing to the District is blockage of the crossings at Luther Road and Auburn Ravine Road.

This District is located in Placer County and serves areas both north and east of the City of Auburn. One of our fire stations (Station 3) serves a zone along Luther Road between Highway 49 and Interstate 80. This station is situated on the west side of the down track at Luther Road and is on Southern Pacific property leased by the District.

In the past, there have been several occasions where the track has been blocked by trains causing a considerable delay for emergency apparatus responding to an incident. Doubling or tripling the traffic on this track would considerably compound this problem.

The only real solution would be to relocate the fire station to the east side of the track. Land in this area is extremely expensive and the District does not have the funding resources to purchase a suitable site. Another possibility is land owned by Southern Pacific at the location where the tracks bisect Interstate 80 and Bowman Road. There are a couple of sites that a fire station could be situated to mitigate this issue in the best interests of the public being protected by the District.
Another concern is the increased likelihood of accidents that could include hazardous materials. This District is a primary responder to hazardous materials incidents in the County and provides the majority of the manpower and management staff to deal with this type of incident. Significant increases in the volume of railcars and containers containing hazardous materials will considerably increase the risk of accidents or spills.

We are prepared to work closely with Union Pacific and Southern Pacific to lessen the effects of these issues. If you have any further questions, please do not hesitate to contact me.

Respectfully,

Ron Wright
CEO/Chief

cc: Justin Fox
    Wayne Horiuchi
March 28, 1996

Elaine K. Kaiser
UP/SP Environmental Project Director
Section of Environmental Analysis
Surface Transportation Board
12th and Constitution Avenue, Room 3219
Washington, D.C. 20423-0001

Dear Ms. Kaiser:

Subject:  Finance Docket No. 32760-Comments

The City of Roseville is responding to the proposed merger of the Union Pacific and Southern Pacific railroads. The City of Roseville has identified a number of issues associated with the merger and is requesting the Surface Transportation Board consider them during its review of the proposed merger.

Currently the City of Roseville has not made a formal decision to support or oppose the proposed merger between the Union Pacific and Southern Pacific railroads. City representatives have had very little contact with railroad representatives and even less information regarding the merger. The City's first formal contact with Union Pacific and Southern Pacific regarding the merger did not occur until March 12, 1996, with a second contact during a March 21, 1996 workshop. During both meetings the railroad representatives provided general descriptions of how the merger will change railroad operations in the Roseville yard, but no detailed information or documentation has been provided. In addition, railroad representatives have reacted defensively when affected agencies, such as the City of Roseville, request detailed information to objectively analyze merger impacts or suggest the railroads enter into an enforceable agreement to address merger impacts.

As a result of these two meetings the City of Roseville has had with railroad representatives, it is the City's understanding the following changes will occur to the Roseville railyard and rail traffic as a result of the merger:

1. Rail traffic is projected to increase by 30-50% along the I-80 corridor line and the Marysville corridor line.

2. The merged railroad company will invest an estimated $35- $40 million in improvements to the Roseville railyard.
3. The Roseville railyard will become a hub for products shipped north/south, intercontinental, and to international destinations.

4. The intensified activities in the Roseville yard will result in an estimated 10 railroad jobs (net) added to the yard.

Based on this information provided by the Union Pacific and Southern Pacific railroads, the City of Roseville has identified the following issues related to merger impacts:

1. A 30-50% increase in rail traffic will have a significant impact on vehicular traffic flows at the Yosemite and Berry Street grade crossings, resulting in increased traffic delays at the intersections. The attached preliminary report prepared by PCTPA identifies the projected vehicle delays as well as costs associated with these delays. Based on the PCTPA projections, the City anticipates the increased delays will impact adjacent surface streets as a result of traffic searching for alternative locations to cross the railroad tracks.

2. The railroads have indicated the intensified rail traffic will increase the number of "piggy back" containers significantly, and this in turn will significantly increase truck traffic from their current loading/off loading area. According to the railroad representatives, no analysis of the impacts the increase of truck traffic from Highway 65 and I-80 to the loading/off loading area has been performed.

3. The City of Roseville currently experiences significant problems with transients which use trains as transportation. Information generated by the City of Roseville indicate that 40% of the individuals using local free meal programs have arrived in Roseville using the train. The City's Police Department estimates the time equivalent of 1.5 police officers is required annually dealing with transient related crimes and disturbances. The City anticipates Union Pacific's plan to establish the Roseville yard as a hub will have the potential for substantially increasing the number of transients and their impacts in the area.

4. A 30-50% increase in traffic, in combination with Roseville being developed as a hub, will result in additional hazardous materials being transported through the Roseville rail yard.

The City of Roseville is requesting the Surface Transportation Board require the Union Pacific and Southern Pacific railroads address the issues identified above by providing the following details and entering into a formal agreement for mitigating merger impacts with the City prior to the merger approval:

1. Identify the number of trains currently passing by the Yosemite and Berry Street crossings and the amount of time the crossings are closed for each train.
2. Identify the projected increase in trains that will be passing by the Yosemite and Harry Street crossings as a result of the merger and the amount of time the crossings will be closed.

3. Identify the improvement and maintenance plans for at grade crossings, specifically plans for installation of concrete crossings and approaches for at grade crossings.

4. Identify the projected increase in "piggy back" traffic resulting from the merger and the resulting increases in truck traffic on Roseville streets.

5. Identify stacking zones for trains and select zones which minimize impact on traffic.

6. Identify how the railroads propose to assist the City with street improvements required to expand traffic stacking zones to accommodate increased queues resulting from delays resulting from increased train traffic.

7. Specify plans for insuring adequate yard security to reduce and prevent trespassing and transient use of trains and coordination of activities with the Roseville Police Department.

8. Identify the hazardous materials response plan to deal with increased hazardous materials in the Roseville yard. Specifically, identify staffing the railroad will have on site for hazardous materials response.

If you have any questions regarding the City's position on the proposed merger, please call me at 774-5361. If you have questions regarding the impacts or information requested by the City, please contact John Sprague, City of Roseville Housing and Redevelopment Manager at 774-5270.

Sincerely,

Allen E. Johnson, City Manager

AEJ:JS:kd/JS1846

cc: Congressman John Doolittle
<table>
<thead>
<tr>
<th>Cross-Street</th>
<th>East Side Tracks</th>
<th>Number of Trains Assumed Currently</th>
<th>Number of Trains Assumed Proposed</th>
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<tbody>
<tr>
<td></td>
<td>Peak Hour</td>
<td>Peak Off-Peak Night</td>
<td>Peak Hour</td>
</tr>
<tr>
<td></td>
<td>Period</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Fallon</td>
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<td>3</td>
</tr>
<tr>
<td>Rocklin Rd.</td>
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</tr>
<tr>
<td>Midas</td>
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<tr>
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<table>
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<th>North/South Tracks</th>
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<th>Number of Trains Assumed Proposed</th>
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<tr>
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</tr>
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</tr>
<tr>
<td>Third St.</td>
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</tr>
<tr>
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</tr>
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Total Elapsed Time: Train Time + Time to Queues to Dissipate

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<tr>
<th>Cross-Street</th>
<th>East Side Tracks</th>
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<th>Peak Off-Peak Night</th>
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<th>North/South Tracks</th>
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PCTPA

March, 1996
### Delay Based on Current Train Traffic (vehicle-hours)

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<th>Peak Hour</th>
<th>Peak Period</th>
<th>Off-Peak</th>
<th>Night</th>
<th>Peak Hour</th>
<th>Peak Period</th>
<th>Off-Peak</th>
<th>Night</th>
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### Delay Based on Proposed Train Traffic (vehicle-hours)

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<th>Cross-Street North/South Tracks</th>
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<th>Peak Period</th>
<th>Off-Peak</th>
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<tr>
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<tr>
<td>Luther</td>
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### Daily Cost of Increase In Delay

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### Cross Street North/South Tracks

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<th>Cross Street North/South Tracks</th>
<th>Peak Hour</th>
<th>Peak Period</th>
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Total $201.80 $221.88 $248.50 $50.44 $722.62

PCTPA

March, 1996
Assumptions Used in Developing Delay Costs at Railroad Crossings

- The delay equation is from Traffic Flow Theory, TRB Special Report 165, pp.166. The equation describes queue behavior at bottlenecks, and blockages.

- All roadways were given an average capacity of 800 vehicles per hour, except SR65, which was given 2400 vehicles per hour.

- The 24-hour day was broken up into 4 time periods to determine volume on the roadway: the peak hour for a.m and p.m., which lasts 2 hours, peak period, which lasts 4 hours surrounding the peak hour; off-peak, which is the remaining 12 hours between 6 am and midnight; and night time, which is the hours between midnight and 6 am.

- To determine the vehicle demand on the roadways, the peak hour was considered to be 10% of the daily volume; the peak period hourly flow was considered to be 7% of the hourly flow; the off-peak hourly flow was 3.5% of the daily volume, and the night-time vehicle demand was 1.6% of the daily flow.

- To determine the number of trains per time period, it was assumed that the trains were evenly spaced throughout the day.

- To determine the cost of delay, a value of $0.13 per vehicle-minute was used. This was taken from CALTRANS TSM Program Guidelines to determine the cost of delay for roadways with 3-7% truck traffic.
Daily Costs of Vehicle Delay From Train Traffic
Current SP and Proposed SP/UP Train Traffic

$250
$200
$150
$100
$50
$0

- Current Cost
- Additional Cost

Prepared By PCTPA - 3,96
TO: Southern Pacific Rail Transportation Co.

RE: Comments regarding the merger of Southern Pacific with Union Pacific

The City of Rocklin is essentially divided into two halves by the railroad tracks. There are four railroad crossings in very close proximity to each other. These crossings are located on very critical local collectors that transport the eastbound/westbound traffic in our City. Train traffic not only interferes with the local flow of traffic across these streets (sometimes causing major delays and backups onto our local streets), but more importantly, impacts our police and fire response times.

Unlike larger cities, the City of Rocklin does not have major railroad overcrossings, therefore we depend on these at-grade crossings. If the rail transportation increases on these tracks, the City of Rocklin will experience a major traffic dilemma. I have tabulated 24 hour traffic counts taken this week at these crossings for your information and to help you understand our concerns.

TRAFFIC COUNTS
March, 1996

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<tr>
<th>LOCATION</th>
<th>Westbound</th>
<th>Eastbound</th>
</tr>
</thead>
<tbody>
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<td>Farron Street</td>
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<td>Del Mar Avenue</td>
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<td>1,176</td>
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Pacific Street is one of the major arterials in the City of Rocklin that intersects Midas Avenue, Rocklin Road and Del Mar Avenue. These are major intersections and they carry the majority of traffic in the downtown area. Rocklin Road and Midas Avenue intersections are signalized without the benefit of interconnecting with the railroad signal arms. All three intersections are located approximately 100-150 ft. from the railroad.
crossings. Storage space between the tracks and Pacific Street is usually sufficient at present, however, with the increase in rail traffic creating longer delays, a longer storage area would be required. A similar situation exists on Del Mar Avenue and Pacific Street. The only difference is that this intersection is two way controlled with a shorter storage capacity in comparison, Midas Avenue and Rocklin Road. The latest incident of the school bus back east demonstrated the unsafe conditions arising from this scenario.

Considering these elements, it is of the utmost importance that Southern Pacific and Union Pacific give serious thought and consideration to the impact on both the City and the general public that will result from increased train traffic. Additional train traffic would require signal coordination, causing additional concerns, dilemmas and cost increases.

The following table shows the locations and number of accidents which have occurred in the vicinity of the tracks. While the accidents may not be train vs vehicle, they were indirectly caused due to the railroad. The accidents either involve the cross arms, or resulted from rear end collisions in the storage area due to vehicles stopping for the train.

**RAILROAD RELATED ACCIDENTS IN THE CITY OF ROCKLIN**

<table>
<thead>
<tr>
<th>Location</th>
<th>Time frame</th>
<th># of accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rocklin Road</td>
<td>1993-1995</td>
<td>2</td>
</tr>
<tr>
<td>Midas Avenue</td>
<td>1993-1996</td>
<td>4</td>
</tr>
<tr>
<td>Farron Street</td>
<td>1993-1994</td>
<td>2</td>
</tr>
<tr>
<td>Yankee Hill Road</td>
<td>1994-1995</td>
<td>4</td>
</tr>
</tbody>
</table>

The following items summarize our concerns regarding the subject merger. We hope you will consider them seriously and include them in your mitigation report.

1. **Intersection Blockages**

   We are concerned about lengthy intersection blockages. There are four relatively busy streets in Rocklin potentially affected by these blockages. They include Del Mar Avenue, Midas Avenue, Rocklin Road and Farron Street. The crossings on the later three are very close to their signalized intersections with Pacific Street.

2. **Train Operations Next to Residential Neighborhoods**

   We are all aware of the problems experienced in the past when trains stop behind a residential development within the City of Rocklin, particularly in the Argonaut and Baltic Circle area. Southern Pacific needs to cease this practice entirely.
With the increase in trains, we are concerned about the exposure to residents to the fumes and potential chemical spills from loads being carried on those trains.

3. **Malfunctioning Gates**

Southern Pacific should also look into their malfunctioning gates. The City of Rocklin is frequently sending our Officers to direct traffic on these occasions when the gates are malfunctioning, causing additional expense to the City. We expect that Southern Pacific's agreement will include reimbursement to the City for the cost of our response time to these unnecessary incidents.

4. **Argonaut Overcrossing**

Currently the City of Rocklin has only one railroad overcrossing (Sunset Boulevard) which is located on the southern side of Rocklin and serves a small portion of the local and regional traffic. All of the other crossings are at-grade. It is essential that Southern Pacific realize what a significant impact the increased train traffic would have on the City. To relieve some of this impact, Argonaut Avenue (at its terminus point) would be an ideal location for an overcrossing. It is absolutely necessary to incorporate it into Southern Pacific's mitigation plan. The Argonaut overcrossing would respond to the east/west traffic and provide another route for our safety personnel to respond in emergencies.

In conclusion, we hope that the City of Rocklin and Southern Pacific can work together and come up with a safe and workable solution. Please call me at (916) 632-4042 if you require additional information on these items.

Sincerely,

[Signature]

Archie Moosakhanian
Director of Public Works/City Engineer

AM:lm/96misc/rrmerger
March 7, 1997

HAND DELIVERY

Elaine K. Kaiser
Michael J. Dalton, III
Section of Environmental Analysis
Surface Transportation Board, Room 3219
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. Kaiser and Mr. Dalton:

Enclosed is the Second Joint Verified Statement of C.L. Anderson and R.M. Naro, providing revised details of UP/SP operations through Wichita as a result of the merger. Union Pacific is reviewing Mr. Wimmer’s verified statement to determine whether changes should be made to that statement as well. Please contact me if you have any questions.

Sincerely,

J. Michael Hemmer

cc: Winn B. Frank
Steven J. Kalish, Esq.
Clyde Anderson and Ron Naro jointly submit this verified statement to update their response to Question No. 1 posed by the Section of Environmental Analysis in a letter dated November 8, 1996 regarding the potential effects of the UP/SP merger in the areas of Wichita, Kansas. The revised response reflects a revised operating plan for the OKT route through Wichita developed by Union Pacific. Their qualifications are described in their initial verified statement.

Question No. 1: The number, length, and type of through freight trains that UP plans to operate in Wichita annually for each of the next five years.

The UP/SP Operating Plan originally projected that UP/SP would increase train frequencies through Wichita by creating a Kansas City Bypass route between Topeka, Kansas, and Ft. Worth, Texas, requiring investment of $91.5 million to upgrade and expand capacity on the OKT route. Many of the trains were to be loaded and empty unit coal trains operating between the Powder River Basin in Wyoming and points in Texas served via Ft. Worth.

Because of Wichita's concerns about increased train traffic, particularly lengthy coal trains to and from the Powder River Basin, and the additional costs associated with handling 135-car distributed power trains on the OKT line, UP management developed a revised operating plan for the OKT line.

UP will continue to operate Texas coal trains to and from the Powder River Basin via Kansas City as it does today and as it would have had the merger not been approved. UP will reroute some of its trains between Denver and Ft. Worth via Wichita. Train OKKC from Oklahoma City to Kansas City is not expected to operate because BNSF successfully contracted to transport the General Motors business from Oklahoma City.

The following projections are based on the traffic data prepared for the UP/SP merger application. The chart shows post-merger through trains under the revised OKT operating plan, their length and their type for a normal year after merger implementation.

<table>
<thead>
<tr>
<th>TRAIN</th>
<th>FREQUENCY</th>
<th>TYPE</th>
<th>LENGTH IN FEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>FWHK</td>
<td>Daily</td>
<td>Manifest</td>
<td>4634</td>
</tr>
<tr>
<td>FWDV</td>
<td>Daily</td>
<td>Manifest</td>
<td>6376</td>
</tr>
<tr>
<td>TRAIN</td>
<td>FREQUENCY</td>
<td>TYPE</td>
<td>LENGTH IN FEET</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------</td>
<td>------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>FWWT</td>
<td>Daily</td>
<td>Manifest</td>
<td>4765 (south of UP Wichita yard only)</td>
</tr>
<tr>
<td>WTKC</td>
<td>Six times weekly</td>
<td>Manifest</td>
<td>4023 (north of UP Wichita yard only)</td>
</tr>
<tr>
<td>KCWT</td>
<td>Six times weekly</td>
<td>Manifest</td>
<td>4205 (north of UP Wichita yard only)</td>
</tr>
<tr>
<td>HKFW</td>
<td>Daily</td>
<td>Manifest</td>
<td>6835</td>
</tr>
<tr>
<td>DVFW</td>
<td>Daily</td>
<td>Manifest</td>
<td>6040</td>
</tr>
<tr>
<td>WTFW</td>
<td>Daily</td>
<td>Manifest</td>
<td>4237 (south of UP Wichita yard only)</td>
</tr>
<tr>
<td>OWTCK/OCKWT</td>
<td>Twice weekly in each direction</td>
<td>Unit rock train</td>
<td>4012 (south of Dolese Cement only)</td>
</tr>
<tr>
<td>Unit coal trains between Utah/Colorado mines and Texas utilities</td>
<td>Approximately 10.5 trains per week</td>
<td>Unit coal trains and empty returns</td>
<td>6210</td>
</tr>
<tr>
<td>Unit grain trains to/from Texas ports</td>
<td>Approximately 11.2 trains per week north of Wichita yard; 14.7 per week south of Wichita yard</td>
<td>Unit grain trains and empty returns</td>
<td>5789 or less</td>
</tr>
</tbody>
</table>

It is important to recognize that this is a predicted average. Actual operations would change from day to day and with seasonal variations in customer demand, particularly for Kansas grain. Note that approximately 0.4 trains per day, consisting of an existing unit gravel train movement, do not operate through most of Wichita. These trains from southwestern Oklahoma operate to and from the Dolese Cement facility south of Wichita. Only the locomotives operate between the Dolese facility and the UP yard on the north side of Wichita.
The impact of the revised OKT operating plan is shown in the following chart.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Pre-Merger Through Trains</th>
<th>Post-Merger Through Trains</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost Springs-Wichita</td>
<td>3.6</td>
<td>9.0</td>
<td>5.4</td>
</tr>
<tr>
<td>Central Wichita</td>
<td>4.0</td>
<td>9.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Dolese Plant-Chickasha</td>
<td>4.4</td>
<td>10.0</td>
<td>5.6</td>
</tr>
</tbody>
</table>

UP cannot predict with precision when these trains would start running. UP would likely begin running additional manifest trains per day by some point in 1998. The coal trains and two more manifest trains would likely be added by some point in 1999.
VERIFICATION

STATE OF NEBRASKA )
COUNTY OF DOUGLAS ) ss.

Clyde Anderson, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

CLYDE ANDERSON

SUBSCRIBED AND SWORN TO before me this 4th day of March, 1997.

DORIS J. VAN BIBBER
Notary Public
VERIFICATION

STATE OF NEBRASKA )
COUNTY OF DOUGLAS ) ss.

Ronald M. Naro, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

RONALD M. NARO

SUBSCRIBED AND SWORN TO before me this 6th day of March, 1997.

DORIS J. VAN BIBBER
Notary Public
REQUEST FOR MESSENGER SERVICE

Date: March 7, 1997  Time Submitted: ____  Client No. 17,595-2

REQUESTED BY: Mike Henmer  EXT.: 5578  CALL BACK TO CONFIRM

DELIVERY

YES ____ NO X

SERVICE TYPE

Downtown Locals  (Areas between Georgetown & Capitol Hill)

____ 60 Minute Service  [Marked]

____ 45 Minute Service

____ If other, please talk directly with your dispatcher

Outer D.C. and Suburbs

____ 2 Hour Service

____ 90 Minute Service

____ 75 Minute Service

____ If other, please talk directly with your dispatcher

DELIVER TO: Ms. Elaine K. Kaiser

Surface Transportation Board, Room #3219

12th Street and Constitution Ave., N.W.

Washington, D.C. 20423

PICK UP FROM: [Signature]

SPECIAL INSTRUCTIONS: [Signature]

IF ADDRESSEE IS UNAVAILABLE:  ____ Return to Sender  ____ Slip Under Door

____ Other (Explain):

RECEIVED BY:  ____ DATE:  ____ TIME:  ____

PRINT NAME:  

(Please submit two copies of this form to the Mail Center)
March 4, 1996

By Messenger

Harold M. McNulty
Section of Environmental Analysis (OESEA)
Room 3218
Surface Transportation Board
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

Re: UP-SP Merger - Environmental Impact on City of Reno
F.D. No. 32760

Dear Mr. McNulty:

As a follow-up to our telephone conversation, I enclose two letters previously sent to Elaine Kaiser regarding the impact of the proposed UP/SP merger on the environment and public health and safety in the City of Reno.

Please call if I can provide more information. The City's investigation is on-going.

Very truly yours,

Paul Ramboley

PHL/ss
Enclosures
February 15, 1996

Elaine K. Kaiser
Chief, Section of Environmental Analysis
Surface Transportation Board
1201 Constitution Avenue, N.W., Room 3219
Washington, D.C. 20423

Re: F.D. No. 32760 UP-SP Merger Application
Environmental Analysis Project.

Dear Ms. Kaiser:

This will update you on the status of investigations presently being undertaken by the State of Nevada in general, and the City of Reno in particular, to assess the potential for adverse effects to the environment, as well as to public health and safety, as a result of the proposed merged operations of the Union Pacific and Southern Pacific.

The State of Nevada through the Nevada Department of Transportation (NDOT) and the Nevada Public Service Commission (NPSC) has filed Notice of Intent to Participate. NDOT has undertaken review of various aspects of proposed rail operations. NPSC has scheduled public hearings in Reno - February 12; in Lovelock - February 13, in Winnemucca - February 14, and in Las Vegas - February 15. The first three meetings involve northern Nevada communities along the Central Corridor/Overland Route, the last meeting involves southern Nevada. A copy of the NPSC notice is attached as Item 1.

The City of Reno has also filed Notice of Intent to Participate. As you may know, the SP line segment between Roseville, CA and Ogden, UT bisects the City of Reno, generally, and its downtown business and hotel/casino district, specifically. The line divides the City, separating schools, hospitals, business and residential areas. Thus, education, commerce, housing and health care activities require crossing the rail line. The current impact of SP rail operations on environment, public health and safety will be dramatically
altered and surely aggravated in the future as a result of the proposed merged UPSP operations.

The merger applicants apparently intend to enhance the Central Corridor/Overland Route to improve transit times and distances between northern California and the Midwest (Chicago, St. Louis and Kansas City). Construction improvements in the Roseville Yard and the Sierra Nevada Mountains combined with directional changes propose to shorten routing by almost 400 miles.

The proposed merged operations will almost double the train frequency (from 13 to 23 trains/day) through the downtown Reno hotel/casino district. Tonnage is projected to increase some 67%, with intermodal and automotive traffic being the focus.

The BNSF trackage rights agreement anticipates access and utilization of the Central Corridor/Overland Route as well. Including BNSP and Amtrak trains, the total projected train frequency will increase to over 30 trains per day, not including local service.

Reno’s principal business is tourism. Downtown is the primary location for hotels and casinos. Of the 15 at-grade crossings in the City, 8 are downtown. The local traffic using the at-grade crossings at each block involves substantial pedestrian and vehicular traffic, not to mention fire, police and ambulance equipment.

Using either the UP 8,000 foot standard train length or the SP current 6,000 foot length, it becomes evident that at-grade crossings along a mile of line would be impacted by one train.

Environmental impacts on air quality, congestion and noise levels as a result of the proposed merger are under study. The recent opening of a 2,000 room hotel little more than 1/2 block from the rail line adds substantial number of noise receptor sites. The significant level of pedestrian traffic is also under study.

I am enclosing a preliminary report of the City of Reno’s investigation as Item No. 2. The Executive Summary from a recent Traffic Study Report is attached as Item 3.

Given the STB’s procedural schedule constraints on time available for assessment, I thought it appropriate to share these
early reports. Final Report and Comments will be filed as soon as practicable to aid your evaluation and assessment.

Very truly yours,

Paul Lamboley

PHL/ss
Enclosures
February 16, 1996

BY MESSENGER

Elaine K. Kaiser
Chief, Section of Environmental Analysis
Surface Transportation Board
1201 Constitution Avenue, N.W., Room 3219
Washington, D.C. 20423

Re: F.D. No. 32760 UP-SP Merger Application
Environmental Analysis Project.
(City of Reno - Northern Nevada)

Dear Ms. Kaiser:

In reviewing the Comments on the Primary Application filed by the BNSanta Fe (BNSF-1), I noted the projected level of operations anticipated by the BNSF under its agreement with the Union Pacific and Southern Pacific.

The projected BNSF operations in the Central Corridor outlined in BNSF-1 suggest an increase in traffic volume and in train frequency (at least twelve (12) additional trains/day), which will impact Northern Nevada in general and the City of Reno in particular. In combination with UP-SP proposed operations, this would raise train frequency from thirteen (13) trains/day to thirty-five (35) trains/day, not including Amtrak or local service.

I did not find discussion of environmental impact in the Comments. I am unaware of an environmental report having been filed by the BNSF.

I am also not aware of any exemption by the Surface Transportation Board from environmental impact assessment of a system-wide trackage and haulage rights arrangement such as contemplated by the BNSF/UP/SP Agreement. The BNSF/UP/SP Agreement, although conditioned upon merger, nonetheless can be considered a "significant" transaction under applicable rules.
I request your advice whether an environmental report has been filed by BNSF or requested of BNSF, or whether an exemption covers the proposed operations under the BNSF/UP/SP Agreement.

Thank you.

Very truly yours,

Paul J. Lamboley

PHL/ss
FACT FINDING REPORT

Railroad Merger Study

February 1996
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1.0 Introduction

In the summer of 1995 the Union Pacific Corporation (UP) announced that it had reached agreement with and would acquire the Southern Pacific Corp. (SP). On November 30, 1995, they filed an application with the Interstate Commerce Commission (ICC) for approval of this merger. In December, 1995, the City of Reno (City) retained the services of Nolte and Associates (Nolte) along with Kleinfelder Associates to perform this study on the UP/SP merger.

2.0 Project Approach

Our team started this project by meeting with the City, railroad personnel, local engineering professionals, legal experts, and in-house railroad specialists. We gathered information on past, present, and future surface transportation issues related to the railroad through Reno. Our team examined historical data, reviewed the UP/SP merger application, and developed estimates on the rail traffic changes. The objective of this study was to determine the pertinent facts surrounding the effects of this merger on the City and assist the City in establishing their position on the merger. The study team was also to be available to provide a verified statement if needed. This report summarizes, in draft form, these findings and estimates.

3.0 Railroad Operations through Downtown Reno

Railroad operations through northern Nevada utilize two main line routes. The first is the UP’s line from Sacramento to Winnemucca via the Feather River canyon. The second is the SP route from Roseville through Reno and Winnemucca via the Donner pass. The SP route is at least 136 miles\(^1\) shorter than the UP route between Oakland and Salt Lake City, saving an estimated two crews per train between those points. The UP line consists of single track with maximum 1.5% grade, while the SP line is double track with maximum 2.6% grade. The gradient of the SP track through downtown Reno ranges from 0.28% to 0.84% downward to the east\(^2\). The UP route is cleared for maximum-height double-stacked containers while the SP route is not\(^3\). Appendix A contains route maps and track charts illustrating these lines.

Union Pacific accesses Reno via its Reno Branch. This branch connects to the UP main line at Reno Junction about 28 miles north of UP’s yard at their station of North Reno and 33 miles north of downtown Reno. The North Reno yard consists of 4 tracks, 2 used for intermodal

\(^{1}\) ICC Finance Docket No. 32760, Railroad Merger Application, Volume 3, Attachment 13-6, Pages 378, 384, and 385.

\(^{2}\) SP Main Line Track Profile Plan, Section V-1/P-5.

\(^{3}\) The merger application indicates the costs of increasing overhead clearances on SP’s route to be $18 million. A similar program was completed on UP’s route around 1990.
loading and 2 for manifest storage and switching⁴. North Reno also contains the local UP
intermodal facility (trailers and containers on flat cars). Appendix A also contains a UP diagram
illustrating these tracks.

3.1. Current SP Reno Operations

Reno is located on the Roseville Subdivision of the SP at Mile Post (MP) 242.8. Two
main tracks pass through downtown Reno, identified as No. 1 for westward trains and No. 2 for
eastward. Established train operating rules mandate maximum train speeds of 20 mph for both
passenger and freight between MP 243.2 and MP 242.0 as locomotives pass through these limits.
The maximum authorized westward speed through downtown after locomotives have passed
through these limits is 45 mph for passenger trains and 40 mph for freight trains. The eastward
maximum authorized speed for passenger and freight trains is 25 mph due to the Sparks yard.

Presently, Amtrak operates 4 trains east and 4 trains west through Reno each week.
These trains are generally about 1,200 to 1,500 feet long including locomotives. Reno is a
regular station stop for intercity passenger trains.

Approximately 13 freight trains⁵ presently operate through Reno. SP train density
records from 1994 validate this number. These trains consist of expedited automobile,
intermodal, manifest (box car), unit grain, and coal trains operating 24 hours per day, seven days
per week. Train lengths vary depending on train type, tonnage, and commodity. Auto and
intermodal trains are generally 5,000 to 6,000 feet long and are operated at faster speeds than the
heavier, longer manifest and unit trains. The manifest trains can range from 5,000 to 8,000 feet
long and are much heavier. Unit grain and coal trains usually operate with 65 to 75 cars and
approximately 7,500 to 10,000 tons at lengths from 5,000 to over 6,000 feet.

An actual 24-hour lineup of trains through Reno on January 19, 1996, showed 15 trains.
The same lineup on January 22, 1996, showed a total of 14 trains. Neither of these lineups
showed the daily switch engine that travels from Sparks to West Reno and back approximately
once each day. These trains included all categories of passenger and freight operating over
Donner Summit.

Southern Pacific conducts its yard and intermodal operations at its terminal in Sparks.
SP’s Sparks yard consists of 16 tracks with a holding capacity of 800 cars plus a small intermodal
facility (trailers and containers on flat cars). The Sparks terminal is served by 4 yard engines
spread around the clock. Up to two local trains operate east out of Sparks daily. The SP

⁴ UP-SP Common Point Team #3 report on Area #6.
⁵ This number was generated from an analysis of SP train density records showing train traffic through Reno on two
representative days in 1994.
intermodal facility utilizes 3 tracks, two of which are for loading or unloading, and uses a single PC-90 sidelifter.

3.2 Current UP Reno Operations

Union Pacific runs one local train from North Reno MP 28.3 to Reno Junction MP 0 six days per week. They also operate a local switcher from North Reno to Martin MP 21.3 as needed to service industries in the area. The UP intermodal facility can hold up to 41 intermodal flat cars on two tracks and uses one PC-90 sidelifter. North Reno also supports and automobile unloading operation.

Union Pacific and SP have an interchange track near 4th and Record Streets connecting the UP Reno Branch with the SP main line for exchanging rail cars. We received information from local SP operating representatives that this interchange is currently inactive. An inspection of this interchange track confirms this information.

3.3 Proposed Merged UP/SP Operations

The merged railroads' operating plan (Plan) included in the merger application shows one passenger and 20 freight trains per day through Reno for an increase of 7 trains per day from current levels. These numbers do not include Burlington Northern Santa Fe (BNSF) trains, Reno Fun trains, Ski and special excursion trains, or local operations. The Plan calls for an increase in train tonnage through Reno from the present level of 20 million to 33 million gross tons per year, an increase of 63%. The environmental report section of the merger application, however, indicates an increase in train traffic of 9 trains per day, different than Volume 3. Also, the Plan only looks at what traffic levels will be the day after the merger changes and construction projects take place with no provision for growth.

Hazardous materials are most generally handled in manifest trains under strict positioning rules and regulations. Cars must be placard identifying the commodity or chemical being moved. According to statistics from the American Association of Railroads (AAR) movement of these chemicals by rail is considerably safer that movement over the road. It is possible that a modest increase of this traffic will occur through Reno as a result of this merger. However, heavier and slower manifest trains most likely to carry these commodities will probably be routed through the Feather River line to avoid delaying the expedited intermodal and auto trains using the Donner route.

---

6 UP-SP Common Point Team #3 report on Area #6.
7 Ibid.
9 Ibid, Volume 6, Page 2, Pages 56 and 93.
Similarly, unit coal, grain, and ore trains (80 to 90 cars, 12,000 tons, 5,000 feet) will also probably operate via the Feather River route.

We estimate post-merger traffic at 30 freight, 2 passenger (on average), and 2 local trains per day through Reno for a total of 34 trains per day. Historical trends factored into this estimate take into account the 22 trains per day moving through Reno in 1980, the former Western Pacific Railroad (WP) operation of 6 trains per day, anticipated BNSF traffic of 2 trains per day, expected and historic passenger train activity at 2 trains per day on average, and 2 movements of the local switch engine between Sparks and West Reno. This projection also takes into account the growth anticipated in rail traffic in and out of the Port of Oakland as part of their major expansion plans. The Port of Oakland is anticipating 6% average annual growth in rail demand. With UP’s enhanced competitive position over the central corridor brought on by this merger, intermodal traffic through Reno should grow at a rate at least equivalent to this rate.

Southern Pacific historically operated over Donner Summit with trains that ranged up to 8,000 feet in length and 10,000 tons. Trains of 7,000 feet (8,000 tons) or greater generally required helper locomotives to negotiate the 2.6% grade and heavy curvature. SP trains historically averaged around 6,000 feet in length. Union Pacific operating personnel have indicated that they will probably operated most trains on this route without helper locomotives, indicating that most trains will not exceed 7,000 feet. We believe average post-merger train lengths will be around 6,500 feet with a few in the 7,000 to 8,000 foot range using helper locomotives.

The merged railroad operating plan showing 21 trains per day does not include the expected 2 BNSF trains, 1 Reno fun or ski train, or 2 local switching movements. In addition, the merged operating plan shows 10 trains diverted away from the UP’s Feather River route while only 7 are added to the Donner route. Based on conversations with SP operating officers we believe that some trains might be diverted from the Feather River route to other rail routes including Roseville to Oregon and Roseville to southern California. We believe that the operating plan might also not be accounting for peak volumes that occur seasonally.

The merged operating plan indicates that the UP will reduce their Reno branch operation to one local train per day from North Reno to Reno junction. They will also move their intermodal and automotive operations from North Reno to Sparks. This move will require and eventual expansion of SP’s current intermodal facility at Sparks.

---

10 Based on the knowledge of railroad operating specialists and historical trends in northern Nevada.
11 1980 represents the year of the Reno trainway bond issue vote.
12 According to a former SP Sacramento Division operating superintendent.
13 The 7 trains would increase to 9 if the figures in Volume 6, Part 2 are added.
14 UP-SP Common Point Team #3 Report, Area #6, and Intermodal Rationalization Summary.
3.4 Other Railroad Corridor Issues

The SP right-of-way through downtown Reno also contains two other significant features, a 6 inch petroleum product pipeline and an MCI fiberoptic cable. The pipeline provides finished petroleum products to a large tank farm terminal in Sparks. This terminal is the easternmost outlet for pipeline-delivered petroleum products in northern Nevada. The fiberoptic cable is the principle "information superhighway" between Sacramento and Salt Lake City. Both facilities are buried at various depth and locations adjacent to the SP tracks.

4.0 Railroad Crossings in Downtown Reno

Reno streets cross the SP main line at-grade 15 times. These include the following:

1. Woodland Ave.
2. Del Curto Drive
4. Vine St.
5. Washington St.
6. Ralston St.
8. West St.
9. Sierra St.
10. Virginia St.
11. Center St.
12. Lake St.
13. Morrill Ave.
14. Sutro St.
15. Sage St.

Galletti Way is not included in this list since it is in the City of Sparks. Other crossings of SP tracks not on the main line include Fourth St., Record St., and Fifth St., all of which are on inactive SP rail spurs. Appendix B contains a SP list of these crossings along with maps showing their location. All public crossings in Reno have active warning devices (flashers, gates, or both).

4.1 Traffic Levels

Traffic models for downtown Reno forecast significant growth in vehicular and pedestrian traffic on nearly every street. For instance, from 1990 to 2015 traffic volumes across
the tracks on Virginia Street could increase by 7,400 vehicles per day, Center St. by 7,400 vehicles per day, and Sierra St. by 9,600 vehicles per day. With train traffic doubling, conflicts between trains and vehicles or pedestrians could represent the greatest potential constraint to the smooth flow of traffic in the downtown area. Appendix C contains excerpts from Barton-Aschman’s Reno Downtown Traffic/Parking Study report showing these traffic estimates.

4.2 Potential Traffic Delays

As part of this study our team calculated the average time crossing gates would be down at a typical downtown Reno crossing for a variety of train lengths. We determined that a 6,000 foot train traveling at 20 mph would result in gates down for 3.9 minutes; a 6,500 foot train would hold gates down for 4.2 minutes; and a 1,500 passenger or local freight train would keep gates down for 1.4 minutes. We estimated that current gate down time based on 14 trains per day (11 freight, 1 passenger, and 2 local switching movements) would be 52.7 minutes per day. This number compares well with actual field measurements made by the City’s traffic control computer for 4 downtown crossings in January, 1996. Based on these assumptions we estimated that downtown traffic on the 8 crossings from and including Washington to Lake are presently causing around 4,314 minutes of delay to vehicles stopped for trains. Using this same methodology we estimated the delay that might occur by 2015 based on projected train and vehicular traffic levels downtown. For the same crossings we calculated a total of 18,952 minutes of delay to vehicles stopped for trains, an increase of 339%. This corresponds to each crossing being blocked about 133 minutes each day. See the table in Appendix D for a detail of these estimates.

These crossing blockage estimates do not account for a situation where two trains simultaneously converge on the downtown area. In this case some crossings would stay down for up to 8.5 minutes. Traffic stopped on streets such as Virginia, Center, or N. Arlington would probably gridlock several cross streets under such conditions.

Based on available figures, we estimate that current levels of crossing delay are costing motorists $163,000 per year. Without mitigation, this cost could climb to $720,000 per year by the year 2015.

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16 Ibid.
17 Memo dated 1/30/96 from Mr. Jim Position, City of Reno traffic department, copy on file, showing a range of total crossing closures from 41 min. 33 sec. To 54 min. 21 sec. on Sierra, Center, Virginia, and Sutro Streets from 5 Jan. to 25 Jan, 1996.
4.3 Accident History

Police files indicate that 3 people have died in railroad crossing accident in Reno from 1970 through 1995. During that same period 18 people have been injured in vehicles, and 41 collisions have resulted in some level of damage. Three pedestrians have been killed and 2 more injured. These figures do not include trespasser incidents between crossings. Appendix E contains a summary of these accident statistics.

As mentioned in a previous section, all at-grade public crossings in Reno are equipped with active warning devices including bells, flashers, and gates. The crossing detail table in Appendix B provides a summary of the present warning systems.

4.4 Emergency Access

The Regional Emergency Medical Services Authority (REMSA) indicates that they received 28,956 calls requesting service in 1995. Of these calls, 835 patients were transported code 3 to hospitals with life threatening illness or injuries. A significant number of these code 3 transports traveled over railroad crossings. Longer queues and more frequent blockages will cause problems for some patients. Also, two crossings at the west end of town, Woodland Ave. and Del Curto Drive, are the only ingress or egress for the surrounding area. Emergency access is cut off during train blockages in these neighborhoods.

4.5 Public Transit

The Regional Transportation Commission (RTC) advises that 704 bus trip cross the railroad tracks in Reno each day. These buses are on routes 1, 6, 9, 10, 13, 14, 16, 18, 19, and 24. These buses carry 8,713 rider across the tracks each day. These crossings are taking place primarily at Sierra, Center, and Lake Streets. Current rail traffic delays buses for 2 to 3 minutes according to RTC. However, Amtrak trains have been known to delay buses for as much as 20 to 30 minutes.\(^\text{18}\)

Another transit issue is trains blocking pedestrian access between the CitiCenter transit center and points south of the tracks. Passenger transferring from one bus to another will often miss their connection due to crossing blockages. As some routes currently operate at a one-hour frequency transit riders can be delayed up to an hour by even a short train. Longer or more frequent trains will exacerbate these problems.

5.0 Property Issues in Reno Raised by the Merger

The issue divides into two sub issues. The first concerns ownership of the railroad right-of-way and the second the ownership of the right to cross the railroad over a City street.

The first issue concerns both the size and type of title of the existing right-of-way through Reno. Pending further study, we believe that from Lake Street east, there is a Land Grant Station Reservation 400 feet in width. From Lake Street west, the right-of-way width is probably the two-hundred foot strip provided by the Congressional Grant. Southern Pacific has disposed of some of this property. However, since the ownership of much of the right-of-way results from the Congressional Land Grant, SP and UP may still have some control over the property occupied by others, even after the merger.

Two methods of disposal of land grant property are most common. The first is an Act of Congress granting title to a purchase. The second is a long term lease giving the railroad the right to cancel the lease if the property is needed for railroad operating purposes. Southern Pacific has also used other means of conveying title. A thorough analysis of the present status of title to the property composing the original land grant is needed.

The second issue, that is who owns the property needed to cross the City streets over the railroad, depends on whether the street was in use by the public before the railroad was built. If the railroad came first, they own the property under the street and will usually grant the City easement to cross the tracks. If the street existed before the railroad was built, the City owns the property under railroad and will generally grant the railroad a franchise to cross the street.

Whether the railroad or the City owns the property has a direct bearing on how the costs of improving grade crossings are allocated according to Nevada PSC and federal rules. The agreement contained in a deed of easement or the franchise usually control. We believe that Lake Street and possibly Virginia Street were public streets before the railroad was built. The rest of the streets in Reno were most likely built after the railroad.

6.0 Environmental Issues

The ICC requires an environmental analysis when increases in rail traffic exceed the thresholds established in 49 CFR 1105.79(e)(5)(i) and (ii). These thresholds include air quality for line segments with increases of 8 trains per day in attainment and 3 trains per day in non-attainment areas. They also include noise for line segments with increases of 8 trains per day or 100% of annual gross ton miles. The SP route through Reno exceed these thresholds. The merger application therefore includes a air quality and noise analysis for the increased rail traffic through Reno.
The ICC thresholds also apply to railroad yards and intermodal facilities. Based on criteria contained in the merger application,\textsuperscript{19} the virtual doubling of activity at SP's intermodal facility at Sparks should require both an air quality and noise analysis for that location. However, the merger application does not contain such an analysis.

6.1 Air Quality

The merger application indicates an increase in air pollutants proportional to the anticipated increase in train traffic of 9 trains per day.\textsuperscript{20} These pollutants include 8.23 tons per year of CO and 1.34 tons per year of PM, both of which non-attainment in Air Quality Control Region (AQCR) 148 that includes Reno and Sparks. It appears that these numbers do not include any adverse air quality impact from idling vehicles stopped at crossings which could be significant.

6.2 Noise

Page 56 of Volume 6, Part 2, Page 56 of the merger application contains the following quote,

"Reno, NV: The line runs through the center of Reno. There are several grade crossings along the tracks. The area is mainly industrial and commercial, but there are residential areas near Sparks, on the western edge of town, and near the tracks throughout the middle of town."

Table 2-14 on page 58 indicates that Reno has 41 sensitive receptors pre-merger and 146 post-merger.

In fact downtown Reno is a high-density commercial and recreational area with 13,075 licensed hotel and motel rooms within one-half mile of the tracks along with 362 single family and 1,770 multi-family residential units. Hotel and motel room capacity has grow by over 18% in the last 5 years.

6.3 Groundwater and Toxics

Groundwater issues have a significant bearing on any major infrastructure changes made to remediate the effects of this merger in the downtown area. Groundwater was one of the major

\textsuperscript{19} ICC Finance Docket No. 32760, Railroad Merger Application, Volume 6, Part 1, Page 5.
\textsuperscript{20} Ibid., Part 2, Table 2-22, Page 85.
Groundwater depth is controlled to a large extent by surface flows in the Truckee River. Water is shallowest adjacent to the river with depths ranging from 10 to 15 feet. Water depths increase to the north in proportion to the distance from the river. Water in the area of the SP tracks is on the order of 20 to 30 feet deep. This depth typically decreases during the spring and early summer when high snow melt flows in the river recharge basin. In the fall and winter, groundwater levels decline as the underground flows reverse and the river becomes the gaining stream. Groundwater depths may vary 5 to 10 feet depending on the season.

Groundwater quality has been impacted by a variety of historical activities over the years. Kleinfelder performed a preliminary assessment of hydrocarbons in the groundwater for the City in the early 1980's. This study revealed the presence of floating products including heating oil. This material was being intercepted by various basement drainage systems and discharged to the Truckee River. Dissolved constituents of gasoline and diesel fuels (BTEX) have also been encountered in the uppermost unconfined aquifer. Several small scale remedial projects are now underway.

The State commissioned a study which revealed widespread presence of chlorinated solvents at relatively low concentrations. These pollutants have also been discovered in at least one municipal well (Morrill Street site). The Washoe County Regional Water Management Agency is pursuing the creation of a remediation district encompassing most of the downtown to effect a clean-up.

7.0 Economic Effects of Merger

The combined UP/SP route between Oakland and Chicago will be shorter than the UP or the SP route. Mileage reductions will come from combining parts of the UP and SP routes to create a new route much shorter than either railroad's present system. Oakland to Chicago, via Reno, will show a reduction of 388 miles from SP's present route and 189 miles from UP's line.21

This merger will generate significant net savings to the UP. Overall it will benefit the merged system approximately $750 million.22 Operating saving coming from changes to yards and intermodal facilities in Reno and Sparks contribute about $400,000 annually to this figure.23

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21 Ibid., Volume I, Pages 29 & 30.
22 Ibid., Page 93.
23 UP-SP Common Point Team #3 Study, Page 2.
APPENDIX A

RAILROAD TRACK CHARTS AND MAPS
**UP/SP Reno Current Operations**

**To Portola**

- **Reno Jct**
- **To SLC**

**UP Locals**

- LZC47: North Reno - Reno Jct, serves industry - 6 day
- LZC49: Yard to yard limits (Martin)

**Coast Gas (MP 11.5)**

**Martin (MP 21.3)**

**North Reno (MP 28.3)**
- 4 tracks
- 2 manifest, 2 I/M
- 2 locals

**Manifest Autos Intermodal**

**To Sacramento**

- **Reno (MP 33.1)**

**SP TOFC**

**To Ogden**

**SP Sparks**
- 16 tracks
- 800 car capacity
- 4 yard jobs, 2 locals
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**Detail of Crossings by Location**

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FOR IMMEDIATE RELEASE
February 8, 1996

Contact: Michael Campbell
486-2637

PUBLIC MEETINGS ON PENDING UNION PACIFIC-SOUTHERN PACIFIC MERGER

The Nevada Public Service Commission is holding public meetings next week throughout Nevada on the proposed merger between Union Pacific and Southern Pacific rail corporations.

There will be public meetings in Reno on Feb. 12, in Lovelock on February 13, in Winnemucca on Feb. 14, and in Las Vegas on February 15.

The rail corporations' application is now pending before the U.S. Department of Transportation's Surface Transportation Board, and the PSC has filed a letter of intent to be an active participant in their application.

"The purpose of each public meeting is to provide an opportunity for the public to offer comments on the proposed merger so that the Commission is adequately informed in order to participate," said Commissioner Galen Dennis.

Each public meeting may also include presentations by the applicant railroads and interested entities. The public comments and the presentations may include discussion of operational plans and changes, environmental effects, crossing safety, and impacts on shipping.

The meeting in Reno on Feb. 12 starts at 6 p.m. on the second floor of the Peppermill Hotel and Casino. The meeting in Lovelock on Feb. 13 starts at 6 p.m. in the Rochester Room of the Pershing County Community Center.

The meeting in Winnemucca on Feb. 14 starts at 6 p.m. in the Jackson Mountain Room of the Winnemucca Convention Center. The meeting in Las Vegas on Feb. 15 starts at 6 p.m. in the PSC offices in the Sawyer State Office Building.
BEFORE THE PUBLIC SERVICE COMMISSION OF NEVADA

NOTICE OF PUBLIC MEETINGS


The application seeks approval and authorization under 49 U.S.C. 11343 to 49 U.S.C. 11343, inclusive, for (1) the acquisition of control of Southern Pacific Rail Corporation by Union Pacific Acquisition Corporation, an indirect wholly owned subsidiary of Union Pacific Corporation; (2) the merger of Southern Pacific Rail Corporation into Union Pacific Railroad Company; and (3) the resulting common control of Union Pacific and Southern Pacific by Union Pacific Corporation.

The application was designated by the ICC as Finance Docket No. 32760. After the filing of the application, the responsibilities for reviewing the application have been transferred by federal law under the ICC Termination Act of 1995 from the ICC to the Surface Transportation Board of the United States Department of Transportation. Finance Docket No. 32760 is now pending before the Surface Transportation Board.

The Public Service Commission of Nevada ("Commission") has filed a letter of intent to be an active participant in Finance Docket No. 32760. The Commission will hold public meetings to receive comments and information to assist in its participation in Finance Docket No. 32760 as follows:

MONDAY, FEBRUARY 12, 1996

The Peppermill, 2nd floor
1707 South Virginia Street
Reno, Nevada
6 p.m.
TUESDAY, FEBRUARY 13, 1995

Roocher Room
Fishing County Community Center
829 Sixth Street
Loveland, Nevada
6 p.m.

WEDNESDAY, FEBRUARY 14, 1995

Jackson Mountain Room
Financion Center
90 West Financion Boulevard
Financion, Nevada
6 p.m.

THURSDAY, FEBRUARY 15, 1995

Offices of the Public Service Commission
The Sawyer Building
333 East Washington Avenue, 4th floor
Las Vegas, Nevada
6 p.m.

The purpose of each public meeting will be to provide an opportunity for the public to offer comments on the proposed merger so that the Commission would be adequately informed in order to participate in Finance Docket No. 31760. Each public meeting may also include presentations by the applicant railroads and interested entities. The public comments and the presentations may include discussion of operational plans and changes, environmental effects, crossing safety, and impacts on shipping.

By the Commission.

[Signature]

WILLIAM H. VARGO, Commissioner Secretary

Dated: Carson City, Nevada
1/26/96
Union Pacific/Southern Pacific Merger
CITY OF RENO
COMMUNITY IMPACTS AND CONCERNS

Tourist destination
Increased trains through a major tourist destination

Public safety concerns
Emergency response jeopardized when trains are blocking access across tracks

Emergency access
Tracks separate two major hospitals from ambulance/paramedic provider

Air quality management
Increased vehicular traffic waiting at train crossings

Crossings
Public endangerment at protected and unprotected crossings

Hazardous material transportation
Increased risk transporting more hazardous materials by rail
## RENO FREIGHT TRAIN IMPACTS*  
Prior/After Union Pacific/Southern Pacific Merger

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<thead>
<tr>
<th></th>
<th>PRIOR TO MERGER</th>
<th>AFTER MERGER</th>
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<tr>
<td><strong>TRAIN LENGTH</strong></td>
<td>5,000 feet</td>
<td>8,000 feet</td>
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<tr>
<td><strong>AVERAGE TRAIN SPEED</strong></td>
<td>10 mph</td>
<td>10 mph</td>
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<tr>
<td><strong>TRAIN FREQUENCY</strong></td>
<td>14 per day</td>
<td>21-30** per day</td>
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<tr>
<td><strong>ESTIMATED DELAY TIME AT DOWNTOWN CROSSINGS</strong></td>
<td>80-110 minutes</td>
<td>6 hours</td>
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</table>

*Source: Reno Downtown Traffic/Parking Study  
December 1995

**Union Pacific projected seven additional trains per day in their operating plan filed with the merger application. We anticipate this figure to be higher due to the elimination of the Feather River route, increased traffic from the Port of Oakland and trackage rights guaranteed to Burlington Northern Santa Fe after the merger.
Downtown Reno Freight Train Traffic Prior to and after UP/SP Merger

* UP projects increased train traffic to be seven additional trains. We anticipate this figure to be higher due to the elimination of the Feather River route, increased traffic from the Port of Oakland, and Burlington Northern Santa Fe.
Estimated Delay Time & Blockage at Reno Downtown Crossings

* UP projects increased train traffic to be seven additional trains. We anticipate this figure to be higher due to the elimination of the Feather River route, increased traffic from the Port of Oakland, and Burlington Northern Santa Fe.

Note: The majority of train traffic is estimated to occur between 6 am and 6 pm—peak downtown business hours.
Redevelopment District

8,000 foot freight train
APPENDIX C

CROSSING TRAFFIC LEVELS
Figure 11
EXISTING AVERAGE DAILY TRAFFIC VOLUMES
Figure 23
YEAR 2015 AVERAGE DAILY TRAFFIC VOLUMES (Modified Network)
<table>
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<tr>
<th>Crossing</th>
<th>1995 ADT</th>
<th>Freight Trains (6000')*</th>
<th>Delay (min.)</th>
<th>Other Trains (1500')**</th>
<th>Delay (min.)</th>
<th>Total Delay (min.)</th>
<th>2015 ADT</th>
<th>Freight Trains (6500')***</th>
<th>Delay (min.)</th>
<th>Other Trains (1500')**</th>
<th>Delay (min.)</th>
<th>Total Delay</th>
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<td>4</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Washington</td>
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<td>4</td>
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<td>6</td>
<td>169</td>
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<td>30</td>
<td>604</td>
<td>4</td>
<td>9</td>
<td>613</td>
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<td>886</td>
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<td>918</td>
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<td>30</td>
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<td>194</td>
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<td>23</td>
<td>653</td>
<td>18,200</td>
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<td>918</td>
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* A 6,000 foot train causes 3.9 minutes of gate-down time @ 20 MPH
** A 1,500 foot train causes 1.4 minutes of gate-down time @ 20 MPH
*** A 6,500 foot train causes 4.2 minutes of gate-down time @ 20 MPH
## Railroad Grade Crossing Collisions 1970 - 1996

**Southern Pacific Railroad Mainline in Downtown Reno**

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<tr>
<th>Street Name</th>
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<th>RR MPH</th>
<th>RR ADT</th>
<th>HWY ADT</th>
<th>Fatal</th>
<th>Property Damage</th>
<th>Personal Injury</th>
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*Note: This collision data involves motor vehicle incidents only. Pedestrian vs. train collisions are not included as the data is not reported to NDOT or DMV.*
# Pedestrian Incidents at Railroad Crossings in Downtown Reno

**Southern Pacific Mainline**

1970 Thru 1995

<table>
<thead>
<tr>
<th>STREET NAME</th>
<th>INJURY ACCIDENT</th>
<th>NUMBER INJURIES</th>
<th>FATAL ACCIDENT</th>
<th>NUMBER FATALITIES</th>
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<tr>
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**TOTALS** 2 2 3 3

**NOTE:** NDOT does not automatically receive reports of train vs pedestrian collisions. Therefore, this data only represents those reports that been secured when incidents have come to the attention of NDOT and is not necessarily complete.
Final Report

RENO DOWNTOWN
TRAFFIC / PARKING STUDY

Submitted to
Redevelopment Agency of the City of Reno

Submitted by
Barton-Aschman Associates, Inc.
Strategic Project Management
Lumos & Associates, Inc.

December 1995
RENO DOWNTOWN

TRAFFIC AND PARKING STUDY

Prepared for
City of Reno

Prepared by
Barton-Aschman Associates, Inc.
Strategic Project Management
Lumos Associates

December 1995
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Executive Summary

Background and Overview

The Redevelopment Agency has recognized the importance of the transportation system in supporting market-driven development which may occur in downtown Reno. This report summarizes a series of study tasks undertaken to carefully evaluate the ability of the transportation system to support growth which may occur. As part of the assessment, a circulation plan has been developed which provides guidelines for the City and Redevelopment Agency to use in carefully crafting a transportation system which will serve downtown Reno well into the future.

Transportation Resources

Early study activities were structured to include development and reconciliation of a number of data resources which served as a base for developing the downtown circulation and parking plan. In recent years, the City of Reno has undertaken a number of special studies including parking, parking management, a “Blueprint” for downtown Reno redevelopment, a “Strategy for Revitalization of the Truckee River Corridor,” and other study efforts intended to bolster and promote the redevelopment effort in downtown Reno. To the extent possible, the consulting team accessed available information and in addition has undertaken a series of activities to develop independently generated data concerning downtown Reno. The report includes a detailed summary of transportation resources, provided in an inventory format.

The report also includes a parking survey which was taken in downtown Reno in an attempt to separate casino or business-related parking from private parking. Location of entrances and exits were noted by street location in order to utilize the information subsequently in the traffic modeling process and development of the circulation plan. Street information and facility inventories have been refined after review by technical staff. Additional data were collected and was utilized in the technical analysis but may not be included in the figures and tables included in the report.

Barton-Aschman Associates, Inc.
Review of Redevelopment Prospects and Known Plans

Interviews were conducted with City staff, technical personnel from the City of Reno and Regional Transportation Commission, businessmen, representatives of the Downtown Renovation Association, and private property owners who might have interest in or knowledge concerning the downtown area.

Many other individuals were also contacted via telephone for information concerning current or future development in the downtown. The report includes general observations gleaned from the discussions with the individuals contacted.

Although limited, a summary of known redevelopment plans was assembled and summarized in the report. The redevelopment plans which were identified include those projects which have either been approved, tentatively planned, or are of common knowledge in the community. A summary table is included identifying the projects.

Redevelopment Alternatives

Information was also developed concerning opportunity zones and sites in the downtown. The development of opportunity zones and sites allowed creation of a future year scenario which could be modeled. In order to provide a margin of safety, a relatively aggressive growth scenario was utilized. The purpose of creating an aggressive growth pattern in the downtown is to ensure the ultimate integrity of the circulation plan. If a slower growth scenario evolves, the transportation system will simply provide a higher level of service. The opportunity zones and sites are not intended to represent a master plan of development for the downtown.

This growth scenario suggests a total of 12,938 hotel rooms could be constructed over a 20 year time frame. This growth represents approximately 646 rooms per year, which is in excess of recent historical trends. The calculation does not include the Silver Legacy (1,700 rooms) or the Hampton Inn (408 rooms). If the Reno area were to sustain a burst of growth such as occurred in the late seventies, such a rate of growth may be considered more realistic. The real test of the validity of the assumptions does not relate as much to where and how many hotel rooms are to be built, as to structuring the transportation system and circulation plan to accommodate the largest growth which might be expected to occur. The consulting team believes the opportunities zones and sites offers a sufficiently conservative estimate of possible growth as to adequately protect the integrity of the circulation plan which will be proposed.

Transportation Requirements

The report includes a brief summary of values which were used in developing components of the transportation model. The trip generation rates which have been used are based upon either standard rates as included in the Institute of Transportation Engineers Publication, rates included in other technical studies developed for the City of Reno or Regional Transportation Commission, and where appropriate, City code. Current land use has been merged with known or projected development and
Executive Summary

the proposed opportunity zones and sites in order to arrive at projected estimates of traffic demand for downtown Reno.

2015 Traffic Projections

This section of the report includes the evaluation of alternative circulation plan concepts. The study objective was to determine the optimal combination of transportation system improvements to support the downtown development scenarios identified in earlier study efforts. The transportation system requirements were evaluated using a sub-area enhancement to the RTC Regional Travel Demand model. The downtown roadway network and traffic zones were re-coded to more precisely simulate the location of vehicle origins and destinations at actual parking entrances and exits.

A traditional modeling approach traces person-trips to and from downtown attractions, which may or may not provide parking on-site. The focused model was used to identify deficiencies in the future base roadway network and to test the adequacy of proposed network modifications. The resulting circulation plan contains recommendations for specific transportation system improvements. In addition, the plan lists general policies to guide future construction activities, development and planning of loading areas, parking management practices, zoning requirements, bicycle and pedestrian planning, provisions for public transit service, and railroad planning.

Traffic forecasts for the year 2015 were prepared for the future roadway network as described above. The forecast included the master plan roadway network as approved by local governments and maintained by the Regional Transportation Commission as well as a few minor changes suggested by staff. The consulting team incorporated in the model effort the redevelopment scenarios which were developed in previous tasks. Construction of the known or planned projects in downtown Reno would generate approximately 11,400 new daily trips. The anticipated redevelopment of the opportunity sites as described earlier is estimated to generate an additional 91,800 daily trips in the horizon year.

Since the estimate was based upon current code related to parking requirements, it is assumed that there will be a large projected deficit for unplanned parking in the downtown area and much of this problem will be resolved through the provision of additional employee parking on-site as new casinos are built on the opportunity sites.

The traffic model forecasts predict a substantial growth in traffic during the 25 year period between 1990 and 2015. Nearly every street in the downtown study area would see a significant increase in traffic volume. On Virginia Street, the traffic volume would increase between 3,000 and 7,400 vehicles per day on the segment between Maple Street and Liberty Street. The traffic on Center Street would increase by as much as 7,400 vehicles per day; while on Sierra Street, a traffic increase of 9,600 vehicles per day is expected on the segment between Second and Third Streets. Similar increases were noted on other streets in the downtown.

Although development of the opportunity sites would cause a substantial increase in the daily traffic volume on most downtown streets, the volume to capacity ratio on all but one street in the downtown area would remain within acceptable levels (LOS D or better). A capacity deficiency is expected on Lake Street, between Second Street and Fourth Street. This deficiency is due to development of
Executive Summary

numerous opportunity sites that abut Lake Street. Lan configuration changes may mitigate this deficiency somewhat.

I-80 freeway ramps to and from the east at Center Street are projected to have traffic demands that exceed the capacity of a one lane ramp. Clearly, the existing interchange is insufficient to carry the magnitude of traffic that would be generated by development of all the known projects and opportunity sites. Modifications to the freeway will likely be required in the vicinity of the interchange.

The report includes a summary of intersections which are expected to drop to LOS D and, in some instances, without improvements, additional development will cause other intersections to drop in the level of service evaluation.

A number of changes to the existing street and highway network were suggested for model evaluation. These included the extension of Evans Avenue across the Southern Pacific Railroad tracks, abandonment of portions of Commercial Row, Plaza and First Streets, the connection of Mill Street to State Street and California to Stewart were also considered. The redistribution of traffic volumes which occur as a result of these modifications have been noted in the report.

Alternative Circulation Plan Concepts

The circulation plan for downtown Reno describes the transportation infrastructure necessary to serve the existing and anticipated future development levels. The plan attempts to balance the general public need for adequate circulation through and within the downtown with the interests of visitors and the development community. If the proposed policies are carefully blended with development proposals, the effort may potentially enhance the vitality of the downtown area.

The recommendations for changes in the Reno circulation plan include the following:

1. Evans Avenue should be extended across the Southern Pacific Railroad tracks. This new connection should be pursued only after a larger and more detailed railroad planning analysis is completed to ensure that any change at the Evans Avenue crossing be compatible with an overall railroad plan.

2. Certain roadway segments have been identified as candidates for abandonment. These segments should not be considered for abandonment unless the Regional Transportation Commission, the Reno Police and Fire Departments all agree to the abandonment. These include:
   - Plaza Street between Center Street and Evans Avenue,
   - First Street between Sierra Street and Virginia Street,
   - First Street between Lake Street and Second Street, and
   - Commercial Row (all segments).

3. The I-80 freeway ramps to and from the east should be widened to include two lanes.
Executive Summary

Intersection Improvements

A number of intersection improvements are also recommended:

4. A number of intersection improvements can be accomplished within the existing street width by re-striping. In some instances, the removal of on street parking will be required. Minor street widening would be necessary at a few locations to accommodate the additional lanes.

5. Consider the installation of traffic signals at Sierra Street and Seventh Street, Virginia Street and Seventh Street, Center Street and Seventh Street, and West Street and Sixth Street.

6. Add left turn phasing on the east and west approaches at a number of intersections on Sierra Street, Virginia Street, and Center Street.

7. It is recommended that left turns be prohibited on Virginia Street at Fifth, Fourth, and Plaza Street.

8. One-way streets are not recommended in the downtown. Though a system of one-way streets can generally carry more traffic than a system of two-way streets because there are fewer conflicts at intersections, one-way streets can be confusing and difficult for visitors to negotiate. In addition, the one-way street operation hampers property access and leads to circuitous travel.

Circulation Plan Policies

Circulation plan policies are included and relate to construction activities, loading areas, parking, vehicle circulation, pedestrian circulation, public transit, and the railroad. Each of the policies which are recommended are intended to support and enhance the efficiency and level of service which will be provided by the street network in the future. It is suggested that careful attention be given to each of the proposed policies and that where appropriate, the policies be incorporated in planning documents, conditions of approval and other plans for redeveloping the downtown area.

Conclusion

Perhaps the most troublesome aspect of the circulation plan evaluation has been the Southern Pacific Railroad tracks. The location of the railroad in the center of downtown Reno has created ongoing problems for many years. Problems related to traffic circulation, noise, air pollution, hazardous materials, and public safety issues suggest that the railroad, if not relocated out of the downtown, should at least be addressed in a manner that mitigates to the greatest extent possible the impact of the railroad on downtown Reno.

The consultant has reviewed the earlier 1980 report prepared by SEA, Inc., which proposed to lower the railroad tracks through the downtown area from the intersection of West Second Street to Wells Avenue. The financing proposal included funds from various sources and a major bond issue. The bond issue was defeated. Today, the problems with the railroad tracks continues unabated.
Executive Summary

If it can be agreed that the problems with the railroad constitute a nuisance, it should be anticipated that the proposed merger of Southern Pacific and Union Pacific as well as the purchase of trackage rights by Burlington Northern and Santa Fe will significantly increase the impact of the railroad on the downtown Reno area.

The consultant has recommended that the railroad again be reviewed and a plan developed for either lowering the tracks or providing crossings at key locations throughout the downtown.

Special Events Traffic Policy

The City staff has developed a draft special events policy. The proposed policy defines streets which will be available for special events and suggests policy for the administration of special events and related traffic activities. The consultant has reviewed the proposed policy and determined that the policy is in harmony with the proposed circulation plan. Recommendations are included in the report concerning special events traffic issues which reinforce recommendations identified in the traffic circulation plan.

Signage Plan

As part of the study activity, a sign inventory was prepared on a number of the major arterials in downtown Reno. The inventory includes approximate locations of signs, the specific legend or information included on the sign and other locational information. A number of suggestions for change in sign placement are included in the report and a concerted effort was made to identify new information signs which would be of use to visitors and locals. The information signs include signage related to special event venues, city/county offices, parks, scenic drives, museums, etc. As part of the review, it was suggested that an effort be made to further review current signage and remove signs which appear to be repetitive.

Barton-Aschman Associates, Inc.