June 23, 2014

Ms. Pat McCarthy, President
Puget Sound Regional Council

Dear President McCarthy:

I write as a member of the Council’s Transportation Policy Board to convey a few thoughts as the Executive Board weighs information from the Council’s study of the Gateway Pacific Terminal (GPT) project. The announcement of the proposed Cherry Point development more than two years ago fired a controversy since intensified by proposals of additional bulk export terminals as well as the introduction of rail-transported crude oil to Washington refineries.

Although I recently retired as the Executive Director of Government Affairs for BNSF Railway and remain a consultant to the railroad, my comments are intended as those of a board member representing freight and trade interests in the state. Some of the ideas presented herein also are contained in a white paper developed more than 18 months ago by the Freight Mobility Strategic Investment Board, which I represent on the PSRC Transportation Policy Board. I have included a copy of that paper.

The GPT debate is segregated around two predictable poles: the desire for investment, jobs, economic development and trade versus opposition to fossil fuel use and export spurred by worries about climate change and train traffic. However, the vehemence of the opposition to coal has produced some “splatter” effects, including vilification of general railroad operations. Project opponents, failing to raise outcry enough over coal alone, have resorted to a scare campaign about projected rail impacts. I would ask the Executive Committee to consider several points about rail service and its place in the Washington economy as members consider the findings and recommendations of the GPT study.

Among the points:

1. Washington is unusually dependent on rail service for the success of its economy and its competitiveness in the world of international trade. Our relative remoteness from large U.S. population centers and consumer markets and our extensive port system for both container and bulk shipping make rail service unusually important. Between 60 and 70 percent of containers from the ports of Seattle and Tacoma are railed to Chicago and other points in the Midwest and East. The percentage of railed cargo is as high as 80 percent for bulk ports on the Columbia River. Rail service is critical to the state’s economic success.

2. Rail transportation is by far the greenest form of overland conveyance for freight cargo. In nearly all of the state’s air quality measurement areas,
locomotive or other train emissions rank near the bottom in terms of volume of pollutants. In Whatcom County, for example, train emissions are lower than those of recreational boating. One ton of cargo can be moved on rail about 500 miles on one gallon of diesel fuel.

3. Bulk commodity transport using unit trains – identical, standardized rail cars and locomotives that remain intact from origin to destination without having to be broken apart or sorted – attract railroad investment in infrastructure and equipment that well serves all commodities and shippers. Investment by Class I railroads is heavily dependent on the rate of return on capital expenditures, and bulk shipments attract more capital dollars.

4. The volume of trains running in Washington in 2014 is lower than that of 2006, the high point of rail volume. Despite the claims of GPT opponents, local communities on the busiest line segments in the state are not facing any more impacts currently than those of eight to ten years ago. Emissions, in fact, probably have improved as the railroad annually supplements its fleet with newer locomotives and updated track. The length of trains also is about the same as it was a decade ago.

5. True, rail volumes are expected to increase for a range of commodities and products, including Canadian lumber to feed a recovering U.S. housing market and for goods and bulk commodities, including coal, bound from the U.S. to outlets in British Columbia. It remains to be seen whether terminal development in Washington diverts and reduces rail flows projected for Canada. We believe B.C. terminals can expand for an additional 50 million tons of coal, more if new land is brought on line. Opponent claims that B.C. expansion is severely constrained are simply wrong.

6. Energy trains are but a slice of overall traffic than can be expected to grow along with the state economy. Rail is apt to become increasingly important as the most efficient and environmentally sensitive way to move goods so important to our economy, whether container imports from overseas, export grain from U.S. agricultural centers, or parts for Boeing aircraft. Rail presents fewer environmental impacts than cars and trucks and is a key to growing Washington’s economy in the greenest possible way.

7. Coal has been railed into and through the state for the better part of 25 years without significant incident or complaint. BNSF Railway had never registered a complaint of coal dust in Washington, nor had any of the state’s clean air agencies, prior to the announcement of the Gateway Pacific project. The Northwest Clean Air Agency, in fact, has released some data collected near the main rail line that shows no heightened levels of coal dust or other emissions from trains. Nevertheless, the dust claims are to be thoroughly investigated and studied as part of the GPT environmental impact study.
process. Common sense and direct observation that rail lines and right-of-way are not encased in coal dust might prove useful.

Impacts to local communities from train traffic, of course, do exist, and they may increase in the future with a general rise in rail volumes and, as is historically the case, an even larger increase in rubber-tired vehicular traffic at rail crossings. The situation is not unlike the impacts and dislocations caused by the interstate highway system laid down through many communities 50 years ago. Although many of the nation’s towns and cities owe their creation to the early days of railroad building, rail operation does bring its own array of impacts. The impacts are different, however, and generally less polluting than those of cars and trucks.

Opposition to the Gateway Pacific project and the harmful corollary effects upon rail service has produced yet another set of impacts. Actions taken by a number of towns and cities against coal or other commodities and against a general increase in rail traffic can have a strikingly negative effect on the perceived freedom of interstate commerce and the right of one state or area to unfettered access to coastal locations for exports or imports. Towns in Montana or the Dakotas may not like passing container trains from Puget Sound any more than Washington towns welcome energy trains. Ninety percent or more of coal shipments from Wyoming and Montana are bound for generating plants in the Midwest and East. Would communities in our region, with its abundance of hydropower, raise the same objections if their generating and manufacturing facilities depended on coal or natural gas for fuel?

The point is that dislike of a specific commodity or opposition to its transport should not be allowed to constrain or otherwise damage a rail transportation system critical to the Washington economy and its trade position. Many of the opponents of coal would not be stoking fears of rail congestion were almost any other commodity in play. In fact, many would be supporting increases in train traffic to rid our highways and cities of major congestion and air deterioration caused by car and trucks.

Finally, I would ask the Executive Committee to consider the effect that repeated studies and statements against rail traffic (Actually, no legitimate study to date has revealed devastating impacts from increased rail service.) may have on the reputation of Washington as a major force in international trade and interstate commerce. The willingness of global companies to invest hundreds of millions in terminal, manufacturing or transportation infrastructure can be dramatically affected by perceptions that local actions could damage the security of investments. Is Washington a good place for trade investment if local governments choose to step beyond their jurisdictional authority in an attempt to ban certain kinds of trade?

I ask the Executive Committee to weigh these concerns as it deliberates over the findings and recommendations of the GPT study. The opposition to coal and other fossil fuels has led, in part, to many uninformed and, at times, reckless statements
that only serve to harm our reputation and our ability to engage in the kind of trade and transportation enterprises supported by nearly everyone.

My hope is that the thoughts expressed herein become part of the context of deliberations as the study discussion progresses through the Regional Council. Thank you for your attention. I would be happy to discuss these and other issues with you, other board members and PSRC staff at your convenience.

Sincerely,

Terry Finn
Member, Transportation Policy Board
FMSIB Policy on changing evaluation requirements based upon commodity

The board shall develop and recommend policies that address operational improvements that primarily benefit and enhance freight movement. (RCW 47.06A.020 (7))

The Freight Mobility Strategic Investment Board has studied the various comments and reactions to announced plans for proposed bulk import/export marine terminals in the state of Washington. The board has discussed the concerns that have been raised about these facilities, specifically the concerns about the commodity impacts not the terminal design and operating impacts, and considered their relationship to the FMSIB mission of enhancing freight capacity and efficiency within the state.

FMSIB believes that bulk import/export facilities are important to stimulate more trade within the state and across state borders. We believe this is congruent with the federal export policy of doubling exports over the next five years and of the state’s export policy. Bulk product terminals, as well as container terminals and other cargo handling terminals, regardless of the commodity shipped, create the economic basis that stimulates investments in roads, rail, port connections and terminal infrastructure so necessary to our state economy. The import/export of bulk cargo also stimulates investment in basic infrastructure that supports the movement of non-bulk cargoes, such as containerized traffic, home-building supplies, industrial products, autos and much more, the movement of which creates jobs, payrolls and tax revenue for state and local governments.

The FMSIB mission, in part, is to recommend policies that address operational improvements that benefit and enhance freight movement and that recognize the economic importance of freight movement to Washington State. FMSIB is very concerned of the precedent that will be set if Washington State Agencies require new marine terminal infrastructure environmental review to include an analysis of the source and destination effects of the commodity that is being moved. This would be a substantial deviation from existing commonly followed environmental impact analysis procedures. The new analysis that is being requested asking for this broad-scale impact analysis of the production and consumption effects of a particular commodity far away from project sites will create significant delays and economic problems for the development of freight infrastructure in our state. If such procedures were applied to a variety of projects, such as grain elevators or manufacturing centers, it is doubtful whether projects could ever come to fruition or whether the state could continue to attract the investment for a first-class road, rail and air freight system.

In addition, the calls for a broad programmatic analyses of unrelated projects, in very different locations, with separate environmental concerns and solutions, based solely on the proposed movement of a similar commodities through these projects sets a policy that will undermine the ability of this State to attract investment in freight infrastructure. Broad programmatic analysis of projects that are only related due to the commodity, or a related use, will serve to significantly and unnecessarily delay any development and force those developments to occur outside our State. FMSIB is also concerned that the precedent of broad programmatic analysis on related projects would in the future be expanded, and used to prevent the development of other freight related infrastructure.

In taking this policy position FMSIB is not taking a position, either in favor or opposed, to any specific project.