

Coal export drives the \$85M transportation package funding in Cowlitz County

The Washington transportation package passed by the Senate includes \$85 million to construct a large vehicle overpass over two railroad tracks at Oregon Way and Industrial Way in Cowlitz County, part of the SR 432 Rail Realignment Project.¹ In 2007, Gerald Smith, the lead project consultant with David Evans and Associates, stated:

*The need for this project depends nearly entirely on the beginning of unit train service west of Oregon Way; stakeholders indicate three to five years. If unit train service does not materialize, then this project will not be needed.*²

So far, no unit trains have materialized west of Oregon Way, and the only projected increase is due to the proposed Millennium coal export terminal (74% of the projected trains) and the undeveloped Barlow Point (26% of the projected trains). The question, therefore, is whether public dollars should be used to support a coal export terminal?



Figure 1: Map of the rail crossings and key properties related to SR 432. The blue line on the map above shows the “Reynolds Lead” section of the rail line: trains move from east to west off of the BNSF main line. The red circles depict the at-grade rail crossings at Oregon Way and Industrial Way that the \$85M investment seeks to address.

Cowlitz County attempted to justify the huge infrastructure expense: “This location is a confluence of two major arterial highways and two railway tracks that will experience rapid growth prior to the 2035-year planning horizon.”³ What is the “rapid growth” projected that requires \$85M in state funding? At least 74 percent of the projected rail growth is due to coal trains to Millennium Bulk Terminals.⁴

¹ http://tdn.com/news/local/state-senate-seeks-million-for-longview-s-oregon-way-sr/article_d05aabcc-b4c6-11e4-924f-3f5a1a9e24e2.html

² SR 432 Realignment Feasibility Study, Stakeholder Committee Meeting #3, December 4, 2007 at 3. Available at <http://www.wsdot.wa.gov/NR/rdonlyres/980496E4-8617-400A-875A-7909D33D75C0/0/StakeholderMeetingSummary120407.pdf>

³ http://www.sr432corridor.org/pdfs/SR_432_FINAL_Concept_Development_Report_BodyOnly.pdf at 3. The tables show projections for five days. Each day is slightly different, but Millennium accounts for over 60% of the increase in rail traffic on each day.

⁴ Final SR 432 Rail Traffic Data Summary, June 2013 at 3 to 5 (data showing 2035 projections)

The Data

According to the SR 432 Rail Traffic Data Summary, the trains passing under the \$85M overpass would serve two locations: Millennium’s coal export terminal (74%) and Barlow Point (26%).⁵ Note the long list of “Millennium” trains in Figure 2 below.

Time	Train ID	Location	Cars	Yard Time	Action	L/E	OD Pair	Cars	Route
Day 3 Existing LVJ Operations						Day 3 Projected 2035 Growth Operations			
0030	mvaveve mvaveve	LV Jct.	1 hr		S/O to LVJ Yard P/U from LVJ Yard		POL Berth 4	170	IRC to Berth 4 Loop
0045	mlvjspo	LV Jct.			Departs from LVJ Yard; power from LVJ engine facility	empty	POL Berth 4	170	IRC to LVJ
0345	mhhke	LV Jct.	2 hr		S/O to LVJ Yard		POL Berth 4	170	IRC to Berth 4 Loop
0400	POL EGT		108		IRC to EGT	empty	POL Berth 4	170	IRC to LVJ
0700	POL EGT		108		IRC to EGT		POL Barlow Pt.	108	Bridge to Reynolds Lead
0700	mppte mppte	LV Jct.	2 hrs		S/O to LVJ Yard P/U from LVJ Yard	empty	POL Barlow Pt.	108	Reynolds Lead to Bridge
0815	POL EGT		108		IRC to EGT		POL Barlow Pt.	108	Bridge to Reynolds Lead
						empty	POL Barlow Pt.	108	Reynolds Lead to Bridge
0830	mspolvj	LV Jct.			S/O to LVJ Yard, terminates. Power to LVJ engine track		Millennium	125	Bridge to Reynolds Lead
1230	mpastac	LV Jct.	45 min		P/U & S/O LVJ	empty	Millennium	125	Reynolds Lead to Bridge
empty	POL EGT		108		IRC to LVJ		Millennium	125	Bridge to Reynolds Lead
1300	llc55	LSC Yard	3 hrs		OD - lile power to Jct. to switch LVJ yard	empty	Millennium	125	Reynolds Lead to Bridge
1715	llc55	LV Jct.			Works to Centralia, s/o at Rocky Pt., Winlock, Napavine (Main 2)		Millennium	125	Bridge to Reynolds Lead
2330	llc55	ML north LV Jct.			1 hour in yard at Centralia, return to LV Jct. with p/u at Rocky Pt. S/O train at Jct., lile power back to scale track in LSC Yard	empty	Millennium	125	Reynolds Lead to Bridge
empty	POL EGT		108		IRC to LVJ		Millennium	125	Bridge to Reynolds Lead
1700	mevevaw mevevaw	LV Jct.	1 hr		S/O to LVJ Yard P/U from LVJ Yard	empty	Millennium	125	Reynolds Lead to Bridge
empty	POL EGT		108		IRC to LVJ		Millennium	125	Bridge to Reynolds Lead
1720	POL EGT		108		IRC to EGT	empty	Millennium	125	Reynolds Lead to Bridge
1800	mpchk	LV Jct.	2 hrs		P/U from LVJ Yard		Millennium	125	Bridge to Reynolds Lead
various	lile power				Turn on wye	empty	Millennium	125	Reynolds Lead to Bridge
2100	Soda Ash		130		Soda Ash lands on IRC		mpasaea mpasaea	LV Jct.	2 hr S/O to LVJ Yard P/U from LVJ Yard

Figure 2: Existing rail traffic and 2035 projections

Figure 2, copied from the SR 432 Rail Traffic Data Summary, shows the existing trains in the left column.⁶ The green-highlighted trains are unit trains, and the peach-highlighted trains are small, local switching or pick up/set out. The right column contains the projected 2035 growth operations. Millennium coal accounts for 14 of the 22 trains (63%) in the entire 2035 projection. However, the trains serving Port of Longview (POL) Berth 4 would not utilize the \$85M overpass at Oregon Way / Industrial Way because Berth 4 is east of this intersection. The \$85M overpass, therefore, would only benefit trains going to Millennium and Barlow Point.

According to the projection, 84 additional trains will pass the Oregon Way / Industrial Way overpass over the course of five days, averaging 16.8 trains per day in 2035.⁷ Of those 84 trains, 62 trains (74%) would serve Millennium and 22 trains (26%) would serve Barlow Point.

⁵ *Id.*

⁶ *Id.* This table shows “Day 3.” See the Data Summary for a table for each of the 5 days modeled.

⁷ *Id.*

The vast majority of the “rapid growth” driving the \$85M project is due to growth of coal trains at Millennium.⁸ To suggest the funding is not related to coal is simply wrong.

Put another way, the SR 432 Rail Traffic Data Summary describes the drivers of the projected growth:

In the 20 years of expected growth, there were only approximately 45 additional cars per day estimated to move via [Longview Switching Company] and Patriot Switch movements, so the 2035 [Longview Switching Company] plan is similar to the Base plan. . . . *The balance of the growth within Longview was based on development of three new unit unloading facilities; Millennium, [Port of Longview] Berth 4, and Barlow Point.*⁹

This means the planners only expect an increase in 45 additional *cars*, less than one full unit train, to all other users in Longview. Nearly all of the projected increase is to Millennium, Barlow Point, and Berth 4. As described above, the \$85M overpass will not affect Berth 4 traffic.

The satellite image in Figure 1 shows that Barlow Point is currently a greenfield site that has no tenants, no rail, and no dock.¹⁰ While the Port certainly wants to develop Barlow Point, the train projections are wildly speculative. The Port recently hired a contractor to create a Master Plan for Barlow Point. The initial presentations include various concepts, including an auto import facility, break-bulk cargo, dry foodstuffs, and wind turbines, none of which require a large number of unit trains. It is extremely difficult to construct new docks on the Columbia River, especially in protected critical habitat for endangered salmon and eulachon spawning grounds. Even if Barlow Point is constructed, runs at full projection capacity, and handles coal, oil, or some other bulk commodity requiring unit trains, 74 percent of the trains under the \$85M overpass would still serve Millennium.

More data

Figure 3 is a chart from the SR 432 Project team that shows the current and projected freight volumes. The last column lists the number of trains per day west of Oregon Way.

The 2015 data showing nine trains per day likely represent short or “switching” trains to Weyerhaeuser. The 2035 projection shows “up to 31” trains per day, an increase of up to 22 trains per day over 2015 (31 minus 9 = 22). Where are these 22 trains going? Sixteen to eighteen trains per day would carry coal to Millennium. Therefore, at least 73 percent of the increase is due to coal trains.¹¹ Figure 3 is consistent with the Data Summary tables, which demonstrate that the vast majority of the trains driving the \$85M overpass are in route to Millennium.

⁸ In addition, the Data Summary only shows 12 trains per day, on average, projected for Millennium. Because the coal export terminal would require 16 to 18 trains per day, the projections underestimate the projected rail usage by coal trains.

⁹ SR 432 Rail Traffic Data Summary (June 2013) at 2-3.

¹⁰ See <http://www.portoflongview.com/AboutThePort/PortPlanning/BarlowPointMasterPlan.aspx>

¹¹ 16 coal trains to Millennium / 22 train increase = 73% of the increase is coal trains.

Rail – Current and Projected Freight Volumes

Year	Million Short Tons/Year	Rail Cars/Day	Trains/Day (Total for RR network)	Trains/Day (West of Oregon Way)
2012	9.0	225 - 335	17	8
2015	12.5 - 13.5	420 - 450	18	9
2035	30 - 90	1,000 - 2,000	Up to 45	Up to 31

1 - Projected 2035 Train Counts vary depending on changes in land use and import/export commodity.

2 - Trains operating west of Oregon Way have greater impact on the roadway network.

3 - Existing rail network cannot accommodate projected 2035 operations; additional rail infrastructure is needed.

Figure 3: Slide 7 from SR 432 Public Open House, November 13, 2013.¹²

Why is this SR 432 overpass so expensive?

Building the overpass over the at-grade crossing at Oregon Way / Industrial Way requires a massive project that essentially raises up a very busy intersection above the railroad, including. In addition, the \$85M expense includes building a large employee entrance overpass into the Weyerhaeuser mill. Weyerhaeuser has multiple entrance driveways with at-grade crossings. Currently, there are currently very few trains that travel west from Weyerhaeuser so those driveways are rarely if ever blocked. However, Millennium's coal export unit trains could block all the driveways at once so it is reasonable that Weyerhaeuser would want elevated access to its property. What is not reasonable is asking the State of Washington to pay for it when Millennium's coal trains are the problem.

Ambre Energy's Financial Troubles

To succeed in operating the Millennium coal export terminal, Ambre Energy requires a public subsidy for an overpass at Oregon Way / Industrial Way. Ambre Energy's financial struggles have been widely reported.¹³ Millennium's coal export terminal cannot proceed without the grade separation.¹⁴ The Daily News headline stated: *Major traffic revisions pivotal to Longview coal terminal's future*.¹⁵ Mile-long coal trains would disrupt an incredibly busy and important

¹² Available at http://www.sr432corridor.org/pdfs/Open_House_1_Materials.pdf

¹³ See, e.g., http://www.oregonlive.com/environment/index.ssf/2013/12/5_key_takeaways_about_financia.html, <http://daily.sightline.org/2013/02/13/ambre-energy-caveat-investor/>

¹⁴ Washington State Department of Transportation & Cowlitz-Wahkiakum Council of Governments. SR 432 Realignment Feasibility Study. Final Technical Report. 2008, at 149 (stating, "as unit train traffic grows, delay on Oregon Way will become intolerable."¹⁴

¹⁵ The Longview Daily News, *Major traffic revisions pivotal to Longview coal terminal's future* (March 10, 2012)(available online at http://tdn.com/news/local/major-traffic-revisions-pivotal-to-longview-coal-terminal-s-future/article_ccee1b08-6b32-11e1-bd64-0019bb2963f4.html) (stating, "Officials say the overpass and rail plan are vital to prevent massive traffic tie-ups at rail crossings, especially now that Millennium Bulk Terminals has plans for a 44 million ton coal export terminal west of Longview. The terminal would require 16 train trips, each a mile long, to pass through the Longview industrial corridor daily.").

roadway, as well as Weyerhaeuser's mill entrances.

Should the State of Washington subsidize infrastructure for coal trains? Millennium's CEO stated in 2012 that taxpayers will not have to pay for the \$200M SR 432 project. The Daily News reported:

Cowlitz County taxpayers likely will be spared the expense of a \$200 million rail expansion *needed to provide adequate rail service for a giant coal export terminal* proposed for the old Reynolds Metals site, a Millennium Bulk Terminals executive told business leaders in Kelso on Thursday. . . . CEO Ken Miller said officials from Burlington Northern Santa Fe and Union Pacific railroads have indicated they are willing to invest in the first step in rail improvements *to accommodate increased train traffic to the proposed 44 million-ton export terminal*.¹⁶

Conclusion

The SR 432 Project team's own data demonstrate that 74 percent of the projected train traffic increase that is driving the \$85M overpass is due to coal export. The Millennium coal export terminal cannot operate without the \$85M overpass. The State of Washington should not fund infrastructure to support coal export.

¹⁶ The Longview Daily News, *Millennium CEO: Taxpayers won't pay first phase of coal track upgrade* (April 12, 2012)(Available online at http://tdn.com/news/local/millennium-ceo-taxpayers-won-t-pay-for-first-phase-of/article_0265a148-8500-11e1-9b8e-0019bb2963f4.html) (emphasis added)