

**Chelatchie Prairie Railroad Market Study  
Clark County, Washington  
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**Prepared by  
Clark County Budget Office  
for the  
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## **Executive Summary**

### **Conclusion**

The Chelatchie Prairie Railroad is ideally suited for development of a new rail yard. Previous investments improved track leading to the yard location. In response, existing shippers are expanding car volumes on the line. The rail conditions are drawing interest from new industries that want affordable and convenient access to rail in the northwest.

The county's commitment to progressive management is reinforced by a strong local economic development partnership, rail based zoning, and a rail operator with a long-term commitment to success.

Investment in a rail yard for Clark County improves the use of transportation infrastructure, reduces rail congestion, improves rail speed on the BNSF mainline and the short line, generates family wage jobs, reduces truck traffic on arterial roads, and has air quality and carbon footprint benefits.

### **Purpose of study**

The Chelatchie Prairie rail line is an important piece of transportation infrastructure and an economic generator for southwest Washington. The purpose of this study is to assess potential markets for the southernmost 14 miles of the rail line as support for continued investment in rail upgrades. The county plans to upgrade the track and roadbed, and to construct a rail yard. An improved rail yard accommodates movement and storage of more cars as volume increases. As a result, economic activity, the efficiency of business and local jobs increase.

### **Location**

This rail line is in Clark County, Washington, including the cities of Vancouver and Battle Ground. Clark County is in southwest Washington, and is part of the Portland metropolitan region. The line crosses through densely populated urban areas, to a small city, to rural areas once dominated by the lumber industry.

This is the only active short-line railroad in southwest Washington. It provides the only access to short-line rail side land uses in a 5,799 square mile area (Clark, Cowlitz, Skamania, Klickitat, and Wahkiakum Counties). In addition, it provides the only major opportunity north of Portland for expansion of rail uses.

The rail line is proximal to two international ports (Vancouver and Portland). The Port of Vancouver has rail spurs from the Burlington Northern Santa Fe (BNSF) serving its customers. The Chelatchie line intersects with the BNSF main line on the north side of

the Columbia River and is a short distance from the Union Pacific main line on the south side of the Columbia River.

## **Problem**

The Federal Railway Association (FRA) indicates the first 14 miles of track from Fruit Valley to Vancouver where the railroad ties into the BNSF mainline to Battle Ground will be re-classified from excepted class to Class 1 in 2011. This reclassification, which is the direct result of investment over the last four years and the county's recruitment efforts, is crucial for attracting business to the line including hazmat shippers. The classification also allows for minimal passenger use. Freight will be able to move at a higher rate of speed, up to 25 MPH and passenger travel can increase to 10 MPH. This will benefit funding opportunities as well as the business community and the ability to better market the asset.

The re-classification, in conjunction with the proposed interchange yard, will put the pieces in place that businesses need, and result in greater attractiveness for development.

The current problem is securing funding for the much needed rail yard. An improved short-line including a new yard will:

- satisfy the demands of existing shippers,
- allow expansion to new shippers,
- assure shippers that a viable line will be available for their future use;
- provide the opportunity for expansion of freight users from the Port of Vancouver to parcels along the line,
- allow development of two industrial parks proposed along the route with rail users. Improved condition will ease flow on the Burlington Northern mainline, which traverses the port corridor and intersects with the Chelatchie Prairie Railroad.

## **Focus on rail interchange yard project**

### *Costs*

Construction of an interchange yard between 78<sup>th</sup> Street and 88<sup>th</sup> Street, in the Vancouver Urban area, is an essential part of the rail's re-development to modern standards. This yard will assure the success of the line for regional use, increase the desirability for expansion of shipping, and will benefit national rail carriers. The yard will handle 85 - 90 cars at an average length of 60-foot cars.

The rail yard will cost approximately \$5 million. Clark County is assembling a finance package including state grant and loan funds and private operator match. The county would like Economic Development Administration (EDA) grant funds to complete the package.

## *Benefits*

Construction of the rail yard will support industrial uses along the rail line. The line has approximately 200 acres zoned for light and heavy manufacturing. At an average employment of seven employees per acre, the area could generate 1,400 jobs. Short-term expansion of business along the line should create 100 to 200 jobs.

In the short term, rail improvement, particularly construction of a rail yard, will benefit employment in a community with over 13 percent unemployment. Research on the number of construction jobs created by investment reveals that for every 10 million in construction investment per year, 100 FTE are created or retained per year. A \$5,000,000 construction project implemented in one year, such as rail yard development, is estimated to create 50 jobs per year. Based on existing trends for recruitment, Clark County believes this is a realistic estimate. Associated payroll, assuming an average wage rate of \$30,000 per year is \$1,500,000. Assuming a 1.5 rate of ripple impact in the community, total payroll impact over two years could be \$2,250,000. A 1.5 ripple impact is a typical economic ripple factor used by local economic development agencies.

The \$5,000,000 investment has a 50-year life span. If the investment has a benefit of \$100,000 per year, the investment pays for itself. If 300 more cars are shipped per year or if shippers generate a \$12,000 per year benefit, there is a positive economic return for the private sector for the project. Current trends indicate this is an achievable expectation and the rail yard is a sound investment. When the line generates an additional 754 cars, there will be a carbon-offset value of \$100,000 per year, which is also achievable and further documents the financial viability of the investment.

The project is a collaboration between the rail operator, the rail owner, and the state and federal government. Private business along the line and other private rail operators will benefit from a new yard.

## **Existing shippers**

The railroad carries commodities including sheetrock, plastic pellets, sand, soy bean meal, steel and large transformers. Shippers are Anderson Dairy, Anderson Plastics, BOC Gases, GTS Drywall, Food Express, Omega Industries, Canfield Transfer, and State Pipe and Supply. The Canfield Transfer operation has three elements within its shipping operations, two are sand for the asphalt shingle industry and the other is soy bean meal. These shippers are representative of the types of businesses the county targets for the rail line, both as new shippers and a locations for expansion of existing shippers. Car volume in 2007 was 485, dropped to 198 in the depths of the depression, and rebounded to 500 in 2010.

## **Shipping recruitment**

The outreach toward the business community and in particular shippers yielded expansion opportunities and one new shipper in 2010. Anderson Plastics is expanding into Brush Prairie at approximately milepost 9.7 with a third facility and will be served by rail. Anderson will bring food grade plastic pellets for bottle manufacturing for the food industry. Over the course of the past 2 years the county worked directly with the general manager of Anderson Plastics to identify expansion possibilities. In a greater outreach to the community of Brush Prairie, the county worked through zoning complications and public input to successfully site the operation. Anderson's expansion will be on-line and operating by January 2011 and will bring 25 family-wage jobs and an additional 75-100 rail cars per year to the rail line.

Omega industries wants to expand to a third location and the county directly worked with the owner. The owner, county, and real estate broker are close to having agreement on a 5 acre parcel immediately east of the current location along St Johns Road near milepost 3.6. This will bring 75 family-wage jobs and 300 - 400 rail cars per year beginning in 2011. Recently, the county recruited Burton Steel Pilings, a \$45 million dollar company which purchased 10 acres east of 72<sup>nd</sup> Ave. near milepost 6.0 They will bring 20-30 family wage jobs and 300 rail cars per year beginning in 2011.

County staff are working with three other contacts which, at this time, are too preliminary to discuss at length. One is a warehouse operation, and two others are transload shippers.

Because of the nearly \$4 million dollar rail infrastructure improvements over the past 3 - 4 years, developers, large real estate companies such as Coldwell Banker, Norris Beggs and Simpson, the BNSF marketing division and Columbia River Economic Development Council (CREDC) all have received inquiries from businesses about locating along the Chelatchie Prairie Railroad. Inquiries come from local and broader regional sources.

Clark County's economic development team, in conjunction with our jurisdictional partners, have made considerable outreach to the business community to educate them about the economic development opportunities of a rail line.

## **Report Structure**

Section 1 reports on the county's goals for the line and the investment test it applies to the projects on the rail line. Section 2 profiles the characteristics of the line including the rail condition, county economic conditions, land uses and operation. Section 3 presents the benefits created by the short rail line, benefits which are often overlooked in an environment focused on highways and technology jobs. Section 4 profiles the target markets for rail customers, using a national basis for comparison. Section 5 presents the local economy and market trends and Section 6 profiles competitors. Section 7 illustrates the county's thorough efforts to create a rail development program and to evaluate the relative importance of rail projects.

## **Section 1**

### **Purpose of Market Study, Problem and Rail Project Overview**

#### **Purpose of study**

The purpose of this study is to assess potential markets for the southernmost 14 miles of the rail line as support for continued investment in rail upgrades. The county plans to upgrade the track and roadbed, and to construct a rail yard.

Most specifically, the market study will provide the US Department of Commerce, Economic Development Administration with evidence to support federal funding of the rail yard.

#### **Public ownership and benefit**

The Chelatchie Prairie Railroad is a 33 mile short line railroad within Clark County, Washington. Currently, it is the only operational shortline railroad in southwest Washington. The line is owned by Clark County and is operated by a private company under contract with the county. The line had limited investment for several decades and now is being rehabilitated for both freight and tourist traffic by the county.

Public ownership of infrastructure increases and stabilizes opportunities for movement of goods and people for the long-term benefit of citizens and business. Public ownership assures users that access is available fairly, and over the long term. This assists private decision making in investment in businesses or homeownership along the route of the infrastructures.

Creating and stabilizing opportunities is costly. Public infrastructure is built and maintained using public funding available from the state, local and federal levels, supplemented by fees paid by private users. Private parties pay for access through a variety of taxes, tolls, and fees.

Clark County owns and maintains vital infrastructure: for example roads, railroads and sewage treatment plants. When a public entity acquires or builds infrastructure, the implicit assumption is that the jurisdiction is committed to preserving the infrastructure over the long term. The opportunities presented by the infrastructure increase the public good.

Further investment in public infrastructure meets a different and broader “return on investment” measure than measures applied to the private sector. Public investments must meet tests such as:

- Are the opportunities provided by the infrastructure in the public interest?
- Can the jurisdiction support the opportunities through land use decisions, investment in ancillary infrastructure, and the concurrence of the public?
- Is the infrastructure maintained and developed in a fiscally sound manner?
- Over the long term, does public ownership create stability and accessibility that might not be present under a private model?

The county considers and answers these questions on a project by project basis. It forms the basis for the “relationships and dependencies analysis presented in Section 7.

## **Problem**

The Federal Railway Association (FRA) indicates the first 14 miles of track from Fruit Valley to Vancouver where the railroad ties into the BNSF mainline to Battle Ground will be re-classified from excepted class to Class 1 in 2011. This reclassification, which is the direct result of investment over the last four years and the county’s recruitment efforts, is crucial for attracting business to the line including hazmat shippers. The classification also allows for minimal passenger use. Freight will be able to move at a higher rate of speed, up to 25 MPH and passenger travel up to 10 MPH. This will benefit funding opportunities as well as the business community and the ability to better market the asset.

The re-classification, in conjunction with the proposed interchange yard, will put the pieces in place that businesses need, and result in greater attractiveness for development.

The current problem is securing the funding for the much needed rail yard. An improved short-line including a new yard will:

- satisfy the demands of existing shippers,
- allow expansion to new shippers,
- assure shippers that a viable line will be available for their future use;
- provide the opportunity for expansion of freight users from the Port of Vancouver to parcels along the line.
- allow development of two industrial parks proposed along the route with rail users. Improved condition will ease flow on the Burlington Northern mainline, which traverses the port corridor and intersects with the Chelatchie Prairie Railroad.

## **Freight Volume goal**

The county has two goals for operation over the next ten years:

- increase car volume to 1,000 cars per year. At this goal, the county will receive \$10 per car revenue from the rail operator, Portland\ Vancouver Junction Railroad.

- increase car volume from 1,000 to 2,000 cars per year. This will increase revenue to the county, make the rail operator more profitable, and create the conditions necessary for continued viable operation.

### **Focus on rail interchange yard project**

Construction of an interchange yard between 78<sup>th</sup> Street and 88<sup>th</sup> Street, in the Vancouver Urban area, is an essential part of the rail's re-development to modern standards. This yard will assure the success of the line for regional use, increase the desirability for expansion of shipping, and will benefit national rail carriers. The yard will handle 85 - 90 cars at an average length of 60-foot cars.

The rail yard will cost approximately \$5 million. Clark County is assembling a finance package including state grant and loan funds and private operator match. The county would like Economic Development Administration (EDA) grant funds to complete the package.

Construction of the rail yard will support industrial uses along the rail line. The line has approximately 200 acres zoned for light and heavy manufacturing. At an average employment of seven employees per acre, the area could generate 1,400 jobs. Short-term expansion of business along the line should create 100 to 200 jobs.

The \$5,000,000 investment has a 50-year life span. If the investment has a benefit of \$100,000 per year, the investment pays for itself. If 300 more cars are shipped per year or if shippers generate a \$12,000 per year benefit, there is a positive economic return for the private sector for the project. Current trends indicate this is an achievable expectation and the rail yard is a sound investment. If the line generates an additional 754 cars, there is a carbon-offset value of \$100,000 per year, which is also achievable and further documents the financial viability of the investment.

The project requires engineering, permitting and construction. Preliminary analysis reveals no significant environmental permits are required.

The project is a collaboration between the rail operator, the rail owner, and the state and federal government. Private business along the line and other private rail operators will benefit from a new yard.

### **The investment test**

Clark County purchased the Chelatchie Prairie line with the intent to return it to operation as a freight rail line, with a secondary recreation use. The opportunities provided by the line include movement of goods, potential future movement of people in a commuter line, and potential recreation use. Opportunities for businesses along the line include operating in an industrial setting and having access to the line.

Opportunities for landowners not directly adjacent to the line include access to multimodal transportation, through transfer between modes.

Rail investments show a long-term financial benefit for the county when measured by property tax revenue generated, sales tax revenue generated, Real Estate Excise Tax (REET) generated, etc. The opportunities retained or enhanced may take 20 to 30 years to payback financially. In comparison, the life cycle of the rail rehabilitation investment is longer than the investment in a road project. Rails last up to 100 years, and ties have a 20 to 30 year replacement cycle. Investment in the rail is a long-term project that transcends shorter-term business cycles, recessions, and booms.

**When considering its investment in the line, the county considers the following.**

The overarching public purpose of public ownership is economic development

1. Retain existing economic uses
2. Re-locate rail users within the community to the rail line, for expansion
3. Draw new users to the rail line
4. Create business opportunities from mainline haulers such as BNSF

Secondary public benefits include:

5. Decrease carbon footprint by taking trucks off the road
6. Retain a commuter rail option, adding a public benefit to the freight line
7. Retain a recreation and tourism option on the northern portions of the line

The private sector would look at the investment and determine if they could generate an additional revenue, above existing conditions, because of the improvement.

Traditionally, the private sector would look at direct financial benefits, and would not consider environmental benefits or social benefits.

The public sector has broader calculations available for determining the benefit of the investment. Any combination of positive results might be sufficient to demonstrate the project has benefit.

1. Did the private operator of the line experience an increase in volume sufficient to provide additional revenue?
2. Did shippers along the line experience an increase in shipping efficiency to result in a bottom-line increase in revenue ?
3. Did the shipping result in a decrease in the carbon footprint?
4. Did the county general fund benefit from increased property or sales tax?

The county engages in a state, local, and federal partnership to fund railroad improvements, primarily through grants. Grant dollars are typical for funding of rail replacement, and are a tool used by private sector rail operators. It is a fiscally responsible way to rehabilitate the rail line, especially in the early years when car volumes are low.



## Partnership

Implementation of the rail projects will require the cooperation and participation of the following partners. Description of specific roles is available upon request.

	Repair	Competitiveness	Livability	Sustainability	Job stimulus	Innovation
Columbia Basin Railroad	X	X		X	X	
Port of Vancouver		X				X
Columbia River Economic Development Council		X				X
Team 99			X			
Railroad Advisory Board		X		X		
City of Battle Ground		X	X			X
City of Vancouver		X	X			X
Clark County Public Works Dept.	X		X	X		
State of Washington	X	X				
BNSF RR						X
Workforce Development Council					X	
Clark County Community Development Dept.		X				X

## County economic conditions

Clark County meets the requirements of an economically distressed area as per the Public Works and Economic Development Act of 1965. Unemployment in southwest Washington is severe in this recession. The local economy was fueled by the residential and commercial construction industry. Clark County was a very high growth county, and felt the downturn in these industries, resulting in a short term economic adjustment of major proportions. This project and the future economic development stimulated from it will assist recovery and long term re-tooling of the economy from construction to other activities. Continuing unemployment is over 12 percent.

### Unemployment Rate in Clark County, Washington

Annual 2007	Annual 2008	September 2009	September 2010
5.6%	6.9%	12.1%	12.0

Source: State Employment Securities Department

In comparison, the national unemployment rate in September 2010 is 9.6 percent, (Federal Bureau of Labor Statistics) indicating that Clark County is a distressed area.

## **Current rail conditions**

For the purposes of the market study, the track mileage is divided into three segments. Mileage outside of the scope of the market study is excluded. A summary of the character of each segment is provided in this discussion. Detail is included in the appendices with both maps and data tables.

The FRA indicates that in 2011, at the end of a rail improvement project currently underway, they will reclassify the track from excepted status to Class 1. This allows freight to move at 25 miles per hours and opens the door for passenger travel, which is not allowed under excepted class.

### **Segment 1: Milepost 1.0 to Milepost 4.0**

This segment is in the Vancouver urban area, with urban land uses. There are four public rail crossings and five private rail crossings. All of the public crossings are asphalt. The two rail bridges in this segment cross interstate highways or county arterial roadways. Approximately 179 carloads of commodities were generated within this segment each year (2007). The products include dam turbines, metal pipe, rail panels and industrial gas. Transloading occurs at milepost 3.7. The existing yard is between milepost 3.15 and 3.45. The yard has two tracks totaling 1,100 feet for storage. At least four roads and crossings bisect the area, limiting the total car storage to 25 to 30 cars.

Approximately 160 acres of land zoned for commercial use abuts the rail line. Assessed value is \$86.6 million. The largest parcel in the area is 32 acres. Eighteen industrial parcels were sold between 2000 and 2009, indicating the high level of interest in the area for industrial use.

Average assessed value per square foot of land in 2008 is \$3.49, for parcels over .25 acres and in private ownership. This is very competitive when compared to the Portland city industrially zoned value for all land, which is closer to \$4.67 per square foot (2004 data).

### **Segment 2: Milepost 4.1 to Milepost 8.0**

This segment is in the Vancouver area, with land uses that are primarily suburban in character. There are five public rail crossings and one private rail crossing. All the public crossings are asphalt. The single bridge in this segment crosses Curtin Creek. Approximately 306 carloads of commodities were generated in this segment each year (2007). The products are sand and grain. Transloading occurs at Milepost 5.0

Segment 2 has approximately 256 acres of land zoned for industrial use that abuts the line. Assessed value is \$47.3 million. Twenty four industrial parcels were sold between 2000 and 2009, indicating the high level of interest in the area for industrial use.

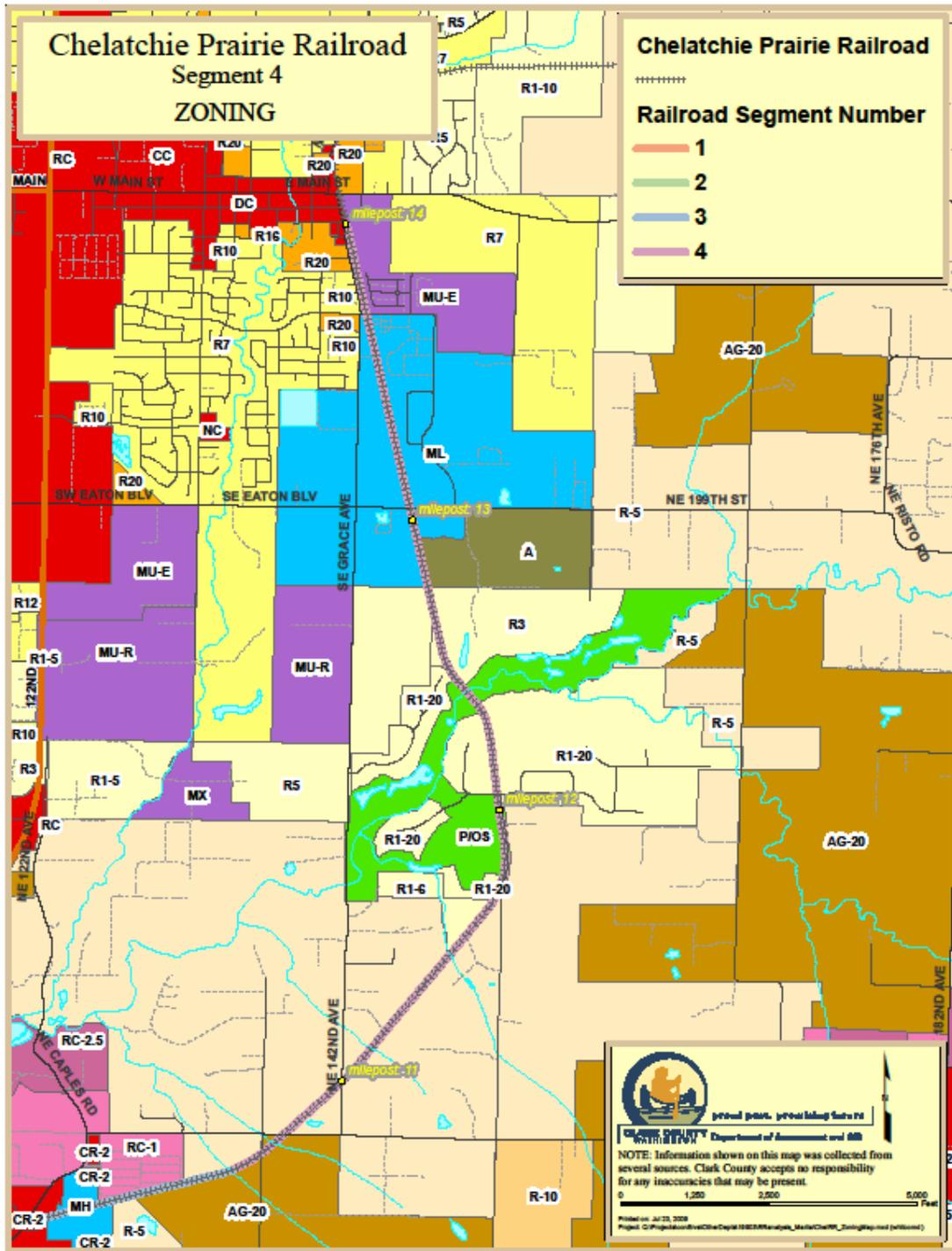
Average assessed value per square foot of land in 2008 is \$2.33, for parcels over .25 acres and in private ownership. This is very competitive when compared to the Portland city industrially zoned value for all land, which is closer to \$4.67 per square foot (2004 data).











### Segment 3: Milepost 8.1 to Milepost 10.5

This segment is outside of the Vancouver or Battle Ground urban areas and is primarily rural in character. There are four public rail crossings and six private crossings. One public crossing is concrete, the remainder are asphalt. The single bridge in this segment crosses Curtin Creek. Currently, no carloads of commodities are generated in this segment.

Segment 3 has approximately 189 acres of land zoned for industrial use that abuts the line. Assessed value is \$8.3 million. Four of the ten industrial parcels were sold between 2000 and 2009, indicating the high level of interest in the area for industrial use.

Average assessed value per square foot of land in 2008 is \$2.55, for parcels over .25 acres and in private ownership. This is very competitive when compared to the Portland city industrially zoned value for all land, which is closer to \$4.67 per square foot (2004 data).

### **Current constraints**

Constraints to current rail operations are:

- Track condition, which limits weight of cars, speed and desirability for new users;
- Lack of available rail storage and switching, which further limits rail capacity.

### **Operation and maintenance**

The partnership between the county and the rail operator assures the rail will be maintained over the long term. The county and the rail operator allocate maintenance responsibilities as follows:

- The operator is responsible for minor tie replacement, spot resurfacing and servicing rail joints.
- The county is responsible for brush clearing, weed spray, A\C and flange-way work at rail crossings, and maintenance of timber and steel bridges.

The operator funds maintenance via profits. The county funds maintenance via county general fund.

### **Innovation character**

Clark County is one of the few counties in the United States to own a railroad. It began purchasing the line in 1994 and completed the purchase in 2000. It hired Columbia Basin\ Vancouver Portland Junction Railroad to operate the line. Clark County purchased the rail line because of the opportunity for economic development, more efficient transportation, and tourism (on the northern segment). Public ownership gives the opportunity to collaborate and to leverage public and private resources such as

economic development incentives, multi-modal transportation planning, and land use planning.

The county developed a “railroad industrial zone” zoning code developed specifically to promote rail use in an industrial area along the line. This code will insure that the industrial land bank described above is supported by development regulations and processes. Planners, the rail operator and economic development experts wrote the code to provide a balance of public safety and practical development standards for businesses needing rail access. The code is applicable to other jurisdictions and multiple locations.

The county created a team focused on economic development along the rail line. It includes economic development managers, permit regulators, land use planners, budget managers and the railroad coordinator. The team allows the county to move quickly to assist business interested in locating or re-locating along the line. The team also gives quick access to other economic development partners such as the cities, the Columbia River Economic Development Council (partly funded by the county) and the Port of Vancouver. The team assures that the improvements in the rail line are supported by an aggressive and collaborative effort to bring users to the county.

## Section 3 Benefits and Impacts of Railroad

### Regional and national competitive position

With its location on the west coast, in the State of Washington, Clark County plays an important role in the economic competitiveness of the state. Washington is a leader in high value international trade, shipment of agricultural products, and relationships with Asia.

Rehabilitation of the Chelatchie line contributes to the long-term competitiveness of the region in the following manner:

1. Provides 605 acres of land specifically zoned for industrial use, and rail industrial use with an improved rail facility. Industrial land is in short supply in many urban areas. It is in short supply in suburban areas, where it is often converted to commercial and residential use because of the faster development of the other uses. The project:
  - a. Provides a net increase in the number of locations available for development with quality rail service in southwest Washington, in an economically distressed area.
  - b. Provides a net increase in sites available for private sector growth, expansion and relocation.
2. Provides a land area for a projected 1,210 industrial jobs with rail access.

Long Terms Jobs Impact  
Land Adjacent to Rail line Developed for Rail Uses

	Acres	% Developed with rail use	Future rail user acres	Jobs at buildout	Acres absorbed per year	Jobs per year	Potential payroll added per year	Years to land use buildout
Segment 1	159.85	25	39.96	320	3	26	\$792,833	
Segment 2	256.29	25	64.07	513	5	41	\$1,271,177	
Segment 3	189.08	25	47.27	378	4	30	\$937,826	
Total	605.21		151.30	1,210	12	97	\$3,001,836	12.5

- a. Assumes that 25 percent of the abutting land area is developed with rail access and rail use. This is a conservative estimate.
- b. Assumes 8 jobs per industrial acre, the standard used in the Clark County comprehensive plan. This is similar to the rate used in the city of Portland.
- c. Assumes 8 percent of the land that is expected to re-develop into land uses with rail access is re-developed each year.

- d. Assumes average annual wages of \$30,000 per employee as a potential payroll impact. This is based on the types of industrial jobs and salaries typical along rail lines.(Washington Employment securities division data, 2009)
- 3. Provides multimodal access from rail to truck to containerized shipping.
  - a. The line is within 15 miles of two major international ports (Portland and Vancouver) with shipping facilities.
  - b. The line is within 3 hours of the Ports of Seattle and Tacoma, and is accessible to these ports via I-5.
  - c. The line crosses, and is within 15 miles of I-5, the major north south route from Mexico to Canada. At its southern terminus, the Chelatchie line is within 5 miles of I-84, which runs from the Pacific Ocean to Utah and the junction with I-80.
  - d. The line links to the Burlington Northern Santa Fe mainline and is across the Columbia River from the Union Pacific
  - e. Improves integration opportunities between modes.
- 4. Makes use of available infrastructure, partnerships and zoning in a desirable area, instead of adding more infrastructure to the system.
- 5. Provides opportunities for industrial, rail and shipping jobs, with mean hourly salaries of \$14.00 or above.

Mean Salaries of Long-term Jobs Created by Typical Uses Along Rail Line  
March 2009 Example

Job	Mean salary per hour
Assembly and fabrication	\$19.59
Cargo and freight agent	\$30.08
Industrial truck and tractor operator	\$16.20
Supervisors of transportation	\$30.63
Machine tool operators	\$21.10
Production, planning and expediting clerks	\$20.74
Shipping clerks	\$14.06
Truck drivers, heavy trucks	\$19.59

Source: Washington Employment Securities Workforce Explorer, June 2009

- 6. Provides opportunities for national defense in the event rail storage, transload, or quarantine opportunities are needed on the west coast, adjacent to the Portland metro area and accessible to four major ports (Seattle, Tacoma, Portland and Vancouver). Because it is owned by a county government committed to acting in the public good, responsiveness in the event of an emergency will be different than responsiveness from a privately owned railroad line. These opportunities might not otherwise be available. This concept was reviewed by the regional Homeland Security Technical Committee and received concurrence with the potential defense capability.

## Short term jobs creation

In the short term, rail improvement will have a beneficial impact on employment. Research on the number of construction jobs created by investment reveals that for every 10 million in construction investment per year, 100 FTE are created or retained per year. A \$5,000,000 construction project implemented in one year, such as rail yard development, is estimated to create 50 jobs per year. Based on existing trends for recruitment, Clark County believes this is a realistic estimate. Associated payroll, assuming an average wage rate of \$30,000 per year is \$1,500,000. Assuming a 1.5 rate of ripple impact in the community, total payroll impact over two years could be \$2,250,000. A 1.5 ripple impact is a typical economic ripple factor used by local economic development agencies.

## Sustainability

Rail is an efficient energy user and helps reduce the county's carbon footprint. In 2007, 535 rail cars per year used the line. Clark County used the Burlington Northern Santa Fe Carbon Estimator to estimate the number of metric tons of CO<sub>2</sub> equivalent generated by current traffic on the miles of the short line improved because of these activities. This is the direct impact on Clark County. Noting most rail traffic is long haul; calculations for a haul of 1,000 miles were generated. Products for the estimator were machinery, chemicals, and food products.

Annual Metric Tons of CO<sub>2</sub> Equivalents  
1,000 Mile Haul

	Machinery	Chemicals	Food
Rail metric tons	77.1	125.8	918.2
Long haul truck metric tons	508.5	353.0	2399.3
Reduction	431.4	227.2	1,481.1
Value	\$14,226	\$7,498	\$48,876

*Note: 2007 traffic was grouped into three comparable categories. Value of reduction calculated at \$33 per metric ton.*

The county has a sustainability program with measurable goals for energy conservation, efficiency, waste reduction and green purchasing. Improvement of the rail line helps the county meet the goals, specifically the goal for reduction in greenhouse gas emissions. The county's goal is a 15 percent reduction in Greenhouse Gases (GHG) by 2011, measured from a 2006 baseline.

Clark County Goal for Greenhouse Gas Reduction

	2006	2007	2008	Goal 2011
Metric tons CO <sub>2</sub> equivalent	15,882	16,131	15,978	13,500

## Annual Impact

# rail cars	Trucks avoided	Reduction in road maintenance costs *
500	1,500	\$62,500
1,000	3,000	\$125,000
2,000	6,000	\$250,000
3,000	8,000	\$375,000

\* Source: ASLRRA Facts and Figures booklet, 2008

## Safety

According to the Federal Rail Administration, the state of Washington had 47 rail accidents in 2008, from all causes (except highway\rail). Four were in Clark County, and none were on the Chelatchie line. The state as a whole had 36 rail\highway accidents in 2008, two were in Clark County, and none were on the Chelatchie line.

Improved rail condition will reduce the potential of future accidents on the rail line as rail traffic increases. Increases in rail use leads to avoided truck traffic, which also may improve safety on adjacent roads.

## **Section 4**

### **Target Market**

Clark County's target for development of the southern portion of the railroad is to attract, retain and help the expansion of:

- a) heavy and light industrial businesses that transport all or a portion of their raw materials or finished products by rail;
- b) heavy and light industrial businesses that otherwise might site at the Port of Vancouver's marine terminals, using rail but under-using the marine asset;
- c) rail car loading and transloading and rail car storage to facilitate multi-modal transportation; and
- d) rail car storage and switching in support of the Burlington Northern and Santa Fe railroad.

The county's railroad coordinator has regular contact with the car generators along the southern 10 to 14 miles of the rail line. They express their needs for the future as:

- a) Heavier weight rail
- b) Higher rail speed to allow for faster transport of goods
- c) Stable road bed
- d) More space for car storage
- e) Good roadways so transloaded materials can be shipped by truck to other destinations
- f) Better signage
- g) Proper zoning for business location, relocation and expansion
- h) Efficient development review of proposed land or building development
- i) Reasonable rates
- j) Reasonable prices for private land
- k) Generally favorable environment for business

### **Existing shippers**

The railroad carries commodities including sheetrock, plastic pellets, sand, soy bean meal, steel and large transformers. The seven shippers are listed in Appendix A with their contact information.

Shippers are Anderson Dairy, Anderson Plastics, BOC Gases, GTS Drywall, Food Express, Omega Industries, canfield Transfer, and State Pipe and Supply.

The Canfield transfer operation has three elements within its shipping operations, two are sand for the asphalt shingle industry and the other is soy bean meal. These shippers are representative of the types of businesses the county targets for the rail line, both as new shippers and a locations for expansion of existing shippers.

## **Character of pending shipping recruitment**

The outreach toward the business community and in particular shippers yielded expansion opportunities and one new shipper in 2010. When these projects are complete, the rail line will exceed the 1,000 per year goal and be ready to move to the 1,000 to 2,000 per year target. Improvements necessary to support the 1,000 to 2,000 car target include the rail yard and the other improvements listed in Section 7.

Anderson Plastics is expanding into Brush Prairie at approximately milepost 9.7 with a third facility and will be served by rail. Anderson will bring food grade plastic pellets for bottle manufacturing for the food industry. Over the course of the past 2 years the county worked directly with the general manager of Anderson Plastics to identify expansion possibilities. In a greater outreach to the community of Brush Prairie, the county worked through zoning complications and public input to successfully site the operation. Anderson's expansion will be on-line and operating by January 2011 and will bring 25 family-wage jobs and an additional 75-100 rail cars per year to the rail line.

Omega industries wants to expand to a third location and the county directly worked with the owner. The owner, county, and real estate broker are close to having agreement on a 5 acre parcel immediately east of the current location along St Johns Road near milepost 3.6. This will bring 75 family-wage jobs and 300 - 400 rail cars per year beginning in 2011.

Recently, the county closed a deal with Burton Steel Pilings, a \$45 million dollar company which purchased 10 acres east of 72<sup>nd</sup> Ave. near milepost 6.0 They will bring 20-30 family wage jobs and 300 rail cars per year beginning in 2011.

County staff are working with three other contacts which, at this time, are too preliminary to discuss at length. One is a warehouse operation, and two others are transload shippers.

## **Local business response to improvements**

Because of the nearly \$4 million dollar rail infrastructure improvements over the past 3 - 4 years, developers, large real estate companies such as Coldwell Banker, Norris Beggs and Simpson, the BNSF marketing division and Columbia River Economic Development Council (CREDC) all have received inquiries from businesses about locating along the Chelatchie Prairie Railroad. Inquiries come from local and broader regional sources.

Clark County's economic development team, in conjunction with our jurisdictional partners, have made considerable outreach to the business community to educate them about the economic development opportunities of a rail line.

The Federal Railway Association (FRA) indicates the first 14 miles of track from Fruit Valley to Vancouver where the railroad ties into the BNSF mainline to Battle Ground will be re-classified from excepted class to Class 1 in 2011. This reclassification, which is the direct result of investment over the last four years and the county's recruitment

efforts, is crucial for attracting business to the line including hazmat shippers. The classification also allows for minimal passenger use. Freight will be able to move at a higher rate of speed, up to 25 MPH and passenger travel up to 10 MPH. This will benefit funding opportunities as well as the business community and the ability to better market the asset.

The re-classification, in conjunction with the proposed interchange yard, will put the pieces in place that businesses need, and result in greater attractiveness for development.

### **Port of Vancouver relationship**

Over the past 3 years, an effort to bring the Port of Vancouver closer to the County yielded a strong foundation for continued and expanded collaboration. The Port has a strong ability to generate industrial development by nature of their State Charter. In addition, the Port has strong bonding authority and the ability to make properties shovel ready with infrastructure improvements such as roads, water and sewer.

Port staff and officials see the Clark County Chelatchie Prairie Railroad as providing desirable locations and infrastructure for industrial customers needing rail and good highway access but not a marine terminal. The Port is located along the Columbia River and their marine access is limited and exceptionally valuable and desirable. The ability to assist businesses wanting to locate in the county, instead of losing them to other communities is very attractive.

The Port Commissioners and County Commissioners have informally and formally met to discuss working directly with the County to create an additional location or locations for industrial growth along the County rail line. Large property parcels are needed to accomplish a rail industrial park as well as good rail infrastructure. The port director and deputy director both solidly support this possibility. To increase collaboration, the deputy director sits on the railroad advisory board along with representatives from the Cities of Vancouver, Battle Ground and the CREDC.

## Location and Character of Car Generators, 2009

Segment	MP	Name	Acres	Zoning	Product shipped 2007	Product shipped 2009	Cars per year 2007	Cars per year 2009*	Transload	Land value	Building Value	Assessed Value
1	2.7	Bonneville Power Adm	32.00	Light industrial	Dam Turbines	Dam Turbines	1	0	No	\$1,995,200	\$2,106,300	\$4,101,500
1	3.2	State Pipe & Supply	2.51	Light industrial	Metal Pipe	Metal Pipe	3	0	No	\$400,000	\$340,000	\$740,000
1	3.4	Omega Industries	1.50	Light industrial	Rail Panels	Rail Panels	80	42	No	\$298,000	\$113,900	\$411,900
1	3.7	Food Express	1.01	Light industrial	Non-perishable Food	Non-perishable Food	85	14	Yes	\$148,100	\$0	\$148,100
2	4.0	BOCC Gases (Linde Inc)	10.85	Light industrial	Industrial Gas	Industrial Gas	10	7	No	\$0	\$8,976,500	\$8,976,500
2	5.0	Valley (Canfield) Transportation	3.20	Light industrial	Sand/Grain	Sand/Grain	306	135	Yes	\$355,500	\$107,400	\$462,900
		Total	51.06				485	198		\$3,196,800	\$11,644,100	\$14,840,900

## **Section 5**

### **Local Economy and Market Trends**

The source of state, regional, and county economic summaries is the State Employment Securities Department as of August 2010.

#### **State economy**

Both Washington's and Oregon's labor markets were at a near stand-still in August 2010. The seasonally adjusted unemployment rate was unchanged in each state, Washington at 8.9 percent and Oregon at 10.6 percent. After adjusting for cutbacks in temporary census workers, Washington added 400 jobs (900 in the private sector), while Oregon lost 700 jobs (800 in the private sector). Previous estimates of Washington's nonfarm employment were revised downward by 18,000 jobs in the quarterly benchmarking process.

#### **Regional economy**

The labor market in Southwest Washington is still clearly in distress, but it is not in a freefall as it was in late 2008 and early 2009. Clark County, while still losing jobs, lost them at a slower rate than in the last half of 2009, as a cursory inspection of the next graph shows. \*Cowlitz County finally hit the break-even point and was a bit ahead from a year ago. However, there are still high numbers of initial unemployment claims being filed - not as high as a year ago, but about as high as 2008 (a recession year) and much higher than 2007. Continued claims were as high as August 2009, and much higher than two or three years ago. There is still slack in the labor market, with no real sign of a turnaround.

#### **Clark County summary**

In August, Clark County nonfarm employment fell by 300 jobs on a seasonally adjusted basis. Cutbacks in the temporary census workforce came to 100 jobs, and only about 50 census workers were still on the payroll during the month of August. Unadjusted employment declined by 700 to 125,600 jobs. K-12 education dropped by 1,700 jobs due to seasonal summer layoffs, but the drop was less than usual, temporarily boosting the year over-year comparisons. This August was 1,700 jobs below August 2009, a decline of 1.3 percent. The county has lost 8,200 jobs (6.1 percent) since the recession began. It may be that employment in the county has finally hit bottom. If so, it may well bounce along for the next few months, with a slight upward trend. A detailed summary of 2010 economic conditions is presented in Appendix B.

#### **Global freight distribution trends**

Ten global trends appear to influence the future of North American rail freight distribution. According to Dr. Jean-Paul Rodrique of Hofstra University in New York

(2007), the trends are as follows. These trends are relevant to the Chelatchie Prairie short line because of its location on the west coast of the United States, less than 100 miles from the Port of Tacoma, less than five miles from the Port of Portland, and less than two miles from the Port of Vancouver. As these global trends emerge and strengthen, we can expect to see an increased demand for multimodal access, the need to store and exchange full and empty cars and containers, and increased interaction with our ports.

### Trends

Trend	Local commentary
<p>A shift in the location of production, which in turn shifts freight distribution and production. China and Asia are emerging as large shippers.</p>	<p>One of the 40 largest container ports in the world (2004) is at Tacoma Washington, 100 miles north of Vancouver, WA and Clark County. Containers delivered to Tacoma travel eastward to Chicago through a northern plains route or a southern route that comes to Portland, OR. Asian goods are predominantly big box retail goods, furniture, electronics, and appliances. The Port of Vancouver WA 2009 metric tonnage was 4.8 million metric tons. Nearly 67 percent of that tonnage was grain export. Top trading partners were Japan, Australia and China. The top imports were steel and automobiles</p>
<p>The high value of global supply chains results in intermodal facilities being constructed at the major gateways to the US. Maritime shipping hands off to port terminals, which in turn transport to inland modes and terminals, and then to distribution centers. More and more corporations try to capture and access more parts of the distribution systems.</p>	<p>The major ports of Seattle and Tacoma, and the Port of Vancouver, USA have access to the Burlington Northern and the Union Pacific railroads and are active participants in this intermodal supply chain.</p>
<p>The maritime\land interface at ports is being re-defined with greater integration of rail with port operations.</p>	<p>The Port of Vancouver, WA, for example is completing a multi-year rail project that results in a unit train facility and a loop rail track that increases access and efficiency.</p>
<p>Intermodal transportation is a joint effort of the private sector and government. Private firms provide most of the direct services to shippers and own portions of the shipping and distribution infrastructure. Government provides the major transportation infrastructure via</p>	<p>In the Clark county case, the public also owns a railroad. In 2007, intermodal traffic is approximately 26 percent of rail traffic, the largest percent of intermodal traffic among sea, rail, and inland waterway modes.</p>

highways, airports, ports, and waterways.	
Improving the speed of freight and rail distribution as an element of supply chains will increase in importance.	Improved conditions on the Chelatchie line already allow improved speeds and make the line more desirable to shippers.
The struggling economy makes it necessary to be cautious with future growth projections.	Clark County developed its rail improvement program using conservative projections, and interacts regularly with other economic development professionals to assure the reasonableness of its estimates.

Other important trends include:

- a) A shift to the joint planning of transportation and distribution of goods.
- b) Imbalance in trade and freight distribution increases the number of empty containers in the economy. In 2005, the US was the world's largest importer of goods, while Germany was the largest exporter. The US was the second largest exporter.
- c) Intermodal integration is progressing but is still in its infancy.
- d) Costs for inland freight distribution are increasing because of oil prices, congestion, and the shift to other modes of transportation.
- e) Transmodal rail terminals with higher thru-put are the wave of the future.

### **Rail car trends**

The American Association of Railroads summarizes rail car trends for the United States. Their statistics exclude the domestic operation of the Union Pacific and the Burlington Northern and Santa Fe Railroads. Viewed on a month-by-month basis, in 2009, rail carloads declined between 23 and 4 percent from 2008 levels. On average, volume was approximately 17 percent less in 2009 than 2008. Between 2006 and 2009, rail carload volume decreased by 20 percent.

## Section 6 Competitors

### Identification

Competition was evaluated by asking, “Who competes with Chelatchie Prairie for the businesses that want to site along rail lines in this metropolitan region?”

Possible competitors	Discussion
Other shortline railroads in southwest Washington	There are no other operational short line railroads in southwest Washington. An industry desiring to site along a shortline, south of Olympia and west of the Cascade Mountains has no other choice than the Chelatchie Prairie.
Industrially zoned land outside of industrial park, with rail access	In Clark County, the Chelatchie Prairie line offers the only non industrial park sites, with shortline rail access. If the business wants a site outside an industrial park, with mainline rail access, a limited amount of industrial property is available along the Burlington Northern line.
Industrial parks with rail access in southwest Washington	The primary competitors are the ports of Vancouver, Camas\Washougal and Woodland. All three have rail access to the BNSF or the Union Pacific via spurs. A business wanting an industrial park location has a variety of options other than a Chelatchie Prairie Railroad location.
Industrially zoned land along short lines in Oregon in the Portland Metro region	The Portland metro area, in Oregon has several short lines that link to the Union Pacific railroad, with industrially zoned land inside and outside of industrial parks. Property in Oregon is generally more expensive than the property in Washington. Their linkage to the Union Pacific facilitates north South travel, while the Clark county connection to the BNSF facilitates east west travel.
Port of Vancouver: west Vancouver Freight Access Project	The Port is re-developing their rail access and has the competitive advantage of better rail and linkage to the marine terminal. The Port and the Chelatchie Prairie railroad however, do not view themselves as competitors. They view themselves as providing complimentary spaces for business, working together to meet the needs of the business and retain them in Clark County. Additional detail follows.

## **West Vancouver Freight Access Project: Complimentary not Competitive**

The West Vancouver Freight Access (WFVA) project is a concerted effort by the Port of Vancouver to create jobs and generate revenue by investing in freight rail infrastructure. With construction starting in 2007, the project improves the ability to move freight not only through the port but also along the BNSF Railway and Union Pacific Railroad mainlines that connect the Pacific Northwest to major rail hubs in Chicago and Houston, and from Canada to Mexico. Projected to reduce current delays in rail traffic by as much as 40 percent, the project will lower costs for U.S. manufacturers and farmers, making them more competitive in global markets.

Some might see this project as a competitor to the Chelatchie Prairie Railroad. Local economic development interests do not see them as competitors in the long term. They are complimentary facilities that serve the business community to increase options.

Divided into 20 project elements, the WFVA project includes construction of a new dual carrier rail access into the port, enhancement of the port's internal rail system, relocation of port facilities and utilities to accommodate track realignment, and improvements to port roadways; all of which are aimed at accommodating growth of existing operations and attracting future private-sector development.

Much has been accomplished to date; including the June 2010 completion of a state-of-the-art unit train facility at the port's recently developed Terminal 5. This new \$14 million loop track serves as the project's western terminus, and the \$16 million in rail improvements completed in 2008 near the city of Vancouver's waterfront redevelopment of the former Boise Cascade property bookends the project on the east. Between these two project elements, work continues on nearly 40 miles of new track to serve current and future port customers.



With completion anticipated in 2017, the West Vancouver Freight Access project is expected to create between 1,000 and 2,000 new, permanent jobs. In addition, the project generates an anticipated 4,000 construction jobs over the life of the project. Understanding the critical nature of the project when it comes to attracting private-sector investment and ensuring the future economic vitality of southwest Washington, the port is aggressively continuing its efforts to identify funding and build the remaining phases of the project. Estimated cost of the West Vancouver Freight Access project is \$137 million.

#### Project Benefits

- Generates nearly \$400 million in private-sector investment
- Creates between 1,000 and 2,000 new, permanent jobs
- Creates an anticipated 4,000 construction jobs between now and 2017
- Provides more efficient rail access to port marine terminals
- Enhances the port's internal rail system, benefiting existing and future tenants
- Provides dual Class 1 rail carrier access to the port, making the port more competitive when attracting new businesses
- Removes a significant chokepoint from the regional rail system
- Reduces congestion on BNSF Railway and Union Pacific mainlines by as much as 40 percent upon completion
- Allows full "unit" trains, which can be more than a mile and a half in length, to be handled within the port
- More than triples the port's rail capacity from 50,000 rail cars per year to more than 160,000 rail cars per year
- Enables the city of Vancouver to develop its waterfront by removing a mainline spur that bisected the city's property

## Section 7 Rail Improvement Program Including the Rail Yard

### Projects 2006 to 2010

Clark County made the following investments in rail improvement since 2006. The improvements were funded by the county, Columbia Basin Railroad and the Washington Department of Transportation.

Year	Funds invested	Investments
2006	329,221	maintenance & improvements by Columbia Basin Railroad
2007	119,636	ties, ballast, surfacing
2008	885,046	maintenance & improvements by Columbia Basin Railroad
2009	292,492	ties, ballast, crossing upgrades, engineering, drainage repair & maintenance
2010	1,830,460	ties, rail, drainage repair
SUM	3,456,855	

With this investment, approximately 30 percent of the line has been raised to Class 2 standards.

### Proposed Projects 2010-2020

Staff identified projects for completion between 2010 and 2020 to meet the needs of existing and future customers and to achieve the economic development goals of the county. Projects are proposed from the northern city boundary of Battle Ground to the Columbia River. The projects reflect the market needs of the customers, and are designed to provide the services and infrastructure they find essential.

The projects include rehabilitation, construction, maintenance, recruitment, right of way legal issue's planning and other items. A recreation project is shown, even though it is not economic development, because county financial match is required for the project. The proposed projects were budgeted over 10 years.

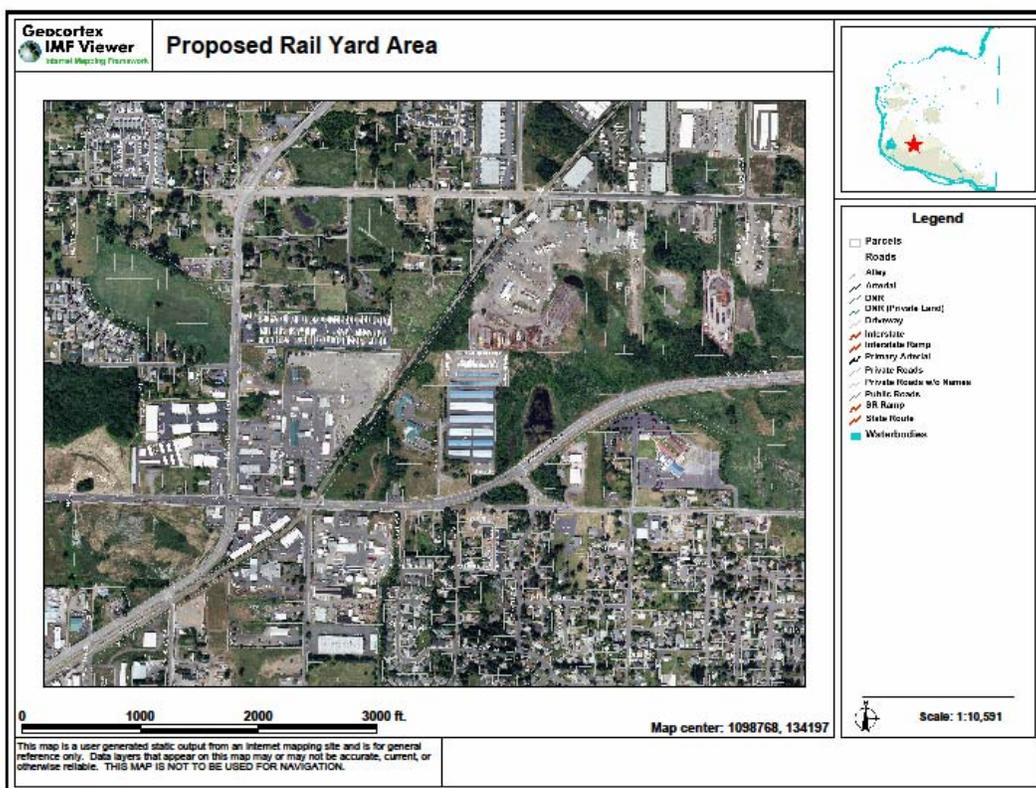
The proposed projects budget is color coded to the relationship and dependencies diagram .

### Focus on rail interchange yard project

Construction of an interchange yard between 78<sup>th</sup> Street and 88<sup>th</sup> Street, in the Vancouver Urban area, is an essential part of the rail's re-development to modern standards. This

yard will assure the success of the line for regional use, increase the desirability for expansion of shipping, and benefit national rail carriers.

Full build out of the yard will require new installation of approximately 3,200 track feet, seven turnouts, and other minor improvements built according to BNSF 2007 design guidelines for industrial rail. Heavy rail of 112 pounds or more will be installed. Three sidings are anticipated. One siding on the west will be 2,500 track feet in length and accommodate 40 cars. A second west track siding will be 1,100 track feet in length and accommodate 15 to 18 cars. The east siding will be 1,100-track fee and accommodate 15 to 18 cars. In total, the yard will handle 85 - 90 cars at an average length of 60-foot cars.



The rail yard will cost approximately \$5 million. Clark County is assembling a finance package including state grant and loan funds and private operator match. The county would like EDA grant funds to complete the package.

Construction of the rail yard will support industrial uses along the rail line. The line has approximately 200 acres zoned for light and heavy manufacturing. At an average employment of seven employees per acre, the area could generate 1,400 jobs. Short-term expansion of business along the line should create 100 to 200 jobs.

The project requires engineering, permitting and construction. Preliminary analysis reveals no significant environmental permits are required.

The project is a collaboration between the rail operator, the rail owner, and the state and federal government. Private business along the line and other private rail operators will benefit from a new yard.

Risk analysis

Clark County applies a risk analysis to all projects needing major public investment. Risk analysis looks for fatal flaws in the project, and for the conditions that might trigger the fatal flaws. Analysis of the overall improvement program is presented in Appendix C. Analysis of the rail yard project is presented below

The risk analysis evaluates the best and worst that might occur if the proposed projects project “GO” (proceeds), and the best and worst that might occur if the project s “NO GO” (do not proceed).

The analysis is first presented for the project and its ramifications, and then is presented in terms of the factors that might trigger the GO or NO GO actions.

Conclusion:

The county risk analysis shows the risks involved with construction of a rail year are manageable and reasonable.

Ramifications

	BEST CASE	WORST CASE	
GO	<ul style="list-style-type: none"> <li>• Increase freight use</li> <li>• Increased percent of land use along line using rail</li> <li>• Recruit users specifically needing rail service</li> <li>• Increased revenue allows operator to expand service and increase maintenance</li> <li>• Increased revenue allows the county to expand maintenance, and enhance economic development efforts</li> <li>• More truck traffic diverted from highways</li> <li>• Mainline congestion eased</li> <li>• Reducing risks on the railroad reduces risks to Clark County government</li> </ul>	<ul style="list-style-type: none"> <li>• Rail improvements made but no expansion of use from existing operators</li> <li>• Improvements made but new location of users does not occur</li> <li>• No impact on mainline congestion</li> <li>• No impact to divert truck traffic</li> </ul>	GO
NO	<ul style="list-style-type: none"> <li>• Freight use is stable</li> </ul>	<ul style="list-style-type: none"> <li>• Existing shoppers leave or do not</li> </ul>	NO

	BEST CASE	WORST CASE	
GO	<ul style="list-style-type: none"> <li>Delays and congestion remain constant or increase at a level that operators can accommodate</li> </ul>	<ul style="list-style-type: none"> <li>expand because of congestion and low speeds</li> <li>New land uses along line do not use rail because of difficulty in exchanging or storing cars</li> <li>Rail operator abandons contract with county</li> <li>County sells line or abandons operation</li> </ul>	GO

The second step in the risk analysis is to assess what might cause the conditions in each portion of the risk analysis to occur.

#### Triggering conditions

	BEST CASE	WORST CASE	
GO	<ul style="list-style-type: none"> <li>Rail coordinator and rail economic development team remain active in recruiting and supporting business</li> <li>Private business locates along rail based on their private site selection processes</li> <li>Economic recovery is slow and steady</li> <li>Mainline rail traffic increases by percent that allows short line operation to reduce congestion</li> <li>Truck traffic increases by percent that allows short line operation to reduce congestion</li> </ul>	<ul style="list-style-type: none"> <li>Rail coordinator and rail economic development team fail to act, and private business does not site along the railroad on its own</li> <li>Economy does not recover, or does not recover in commodities using rail service</li> <li>Mainline rail and truck traffic increase to such an extent that rail does not significantly impact congestion on other modes</li> <li>County or operator adopt policies that do not value re-investment in maintenance</li> </ul>	GO
NO GO	<ul style="list-style-type: none"> <li>Rail coordinator and rail economic development team remain active in recruiting and supporting business</li> <li>Private business locates along the railroad based on their private site selection criteria</li> <li>Rail coordinator is active in soliciting new grants for rehabilitation</li> <li>Economic recovery is slow and steady</li> </ul>	<ul style="list-style-type: none"> <li>Rail coordinator and rail economic development team do not recruit and support business or soliciting new grants for rehabilitation</li> <li>Economic recovery does not occur</li> <li>Operator and county lose interest in rail opportunity</li> <li>Rail using businesses locate out of rail corridor, and non-rail using businesses locate in corridor</li> </ul>	NO GO

#### Dependencies and Relationships

The rail development projects, including the development of a new rail yard, were evaluated against the goal of generating a 1,000 carload volume on the line and between 1,000 and 2,000 carloads on the line. Current volume is approximately 430 carloads per year.

Projects required to achieve the 1,000-car goal include improvement of the line from milepost 1 to milepost 8, site-by-site recruitment, and adequate funding for maintenance and staffing.

Projects required to reach beyond 1,000 cars to a 2,000 car goal include the projects listed above plus improvement between mileposts 8 and 10, construction of an interchange siding, and land use approval for an industrial park along the line, probably at the Lagler site.

Projects that assist the goals include annexation the port of Vancouver, expansion of the industrial park in Battle Ground, and greater assistance from CREDC in recruitment.

Projects to reach beyond 2000 cars include those listed above plus improvements beyond milepost 10, storm water improvements, and expansion into a light industrial park in Battle Ground between Eaton Boulevard and Main Street.

Some projects have a relationship to the desired volume. The graphic shows the relationships and dependencies. *Relationships* are designated with a fine line between the volume goal and the project. Other projects are *dependencies* and are essential to achieving the volume goal, and these are indicated with a bold line.



**Rail Improvement Plan  
2010-2020**

- ROW Right of way
- A Annexation
- Z Zoning
- C Construction and maintenance
- R Recruitment
- S Administration and staffing
- REC Recreation

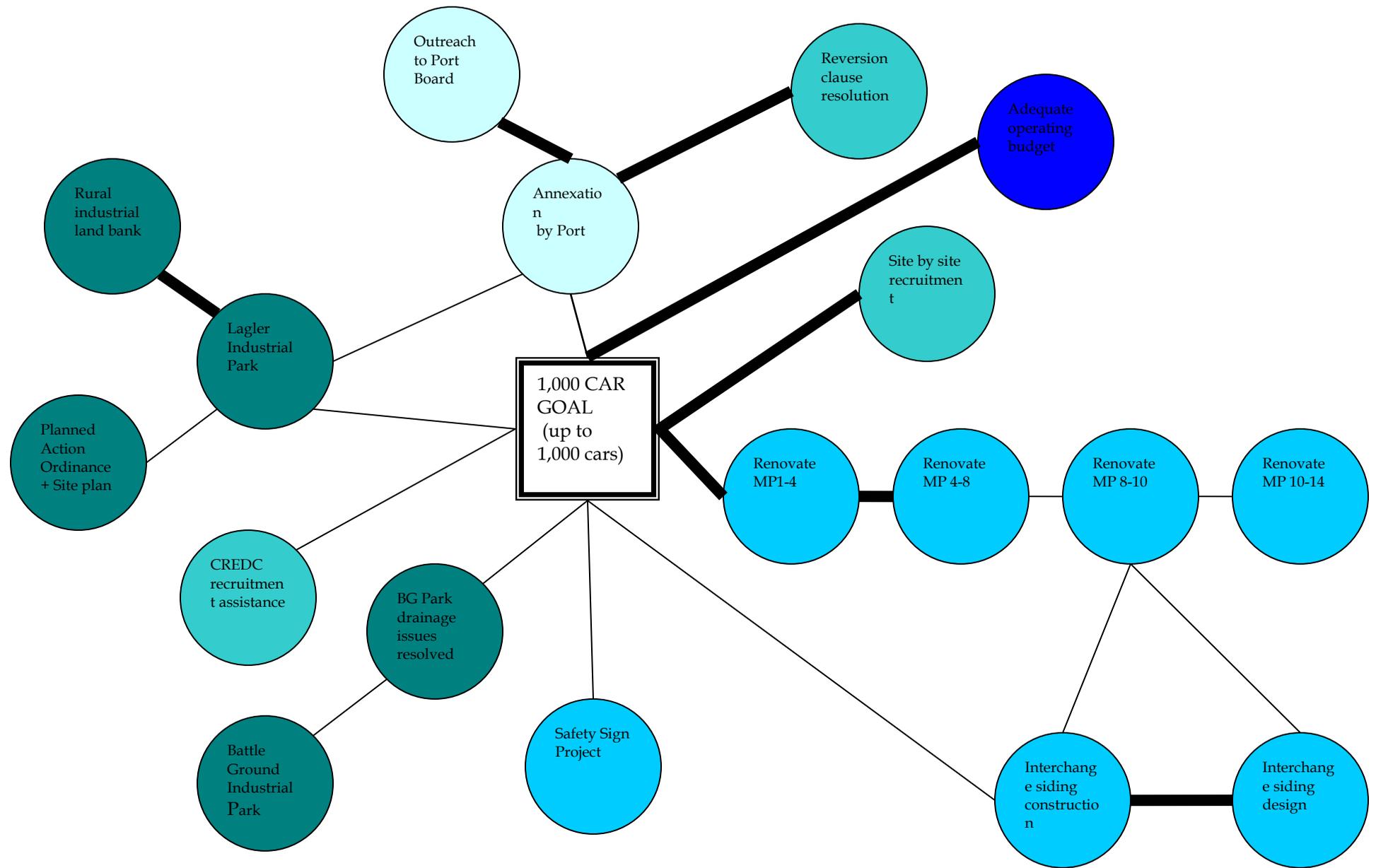
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
A1	Begin discussions with Port re annexation											
A2	Begin annexation process											
C1	Engineering plan interchange yard											
C2	Permitting for interchange yard											
C3	Construct interchange yard											
C4	No trespassing signs in right of way											
C5	Stop signs at public crossings											
C6	Rehabilitate MP1-3.9											
C7	Rehabilitate MP 4.0-8.0											
C8	Rehabilitate MP 8.1-10.6											
C9	Rehabilitate MP 10.7-14.0											
C10	Maintenance miles 1 to 14											
C11	BYCX Maintenance MP22-27											
C12	Reclassification of Rail to Class 2											
ROW1	Clear up reversionary clauses											
R1	Site by site recruitment of users											

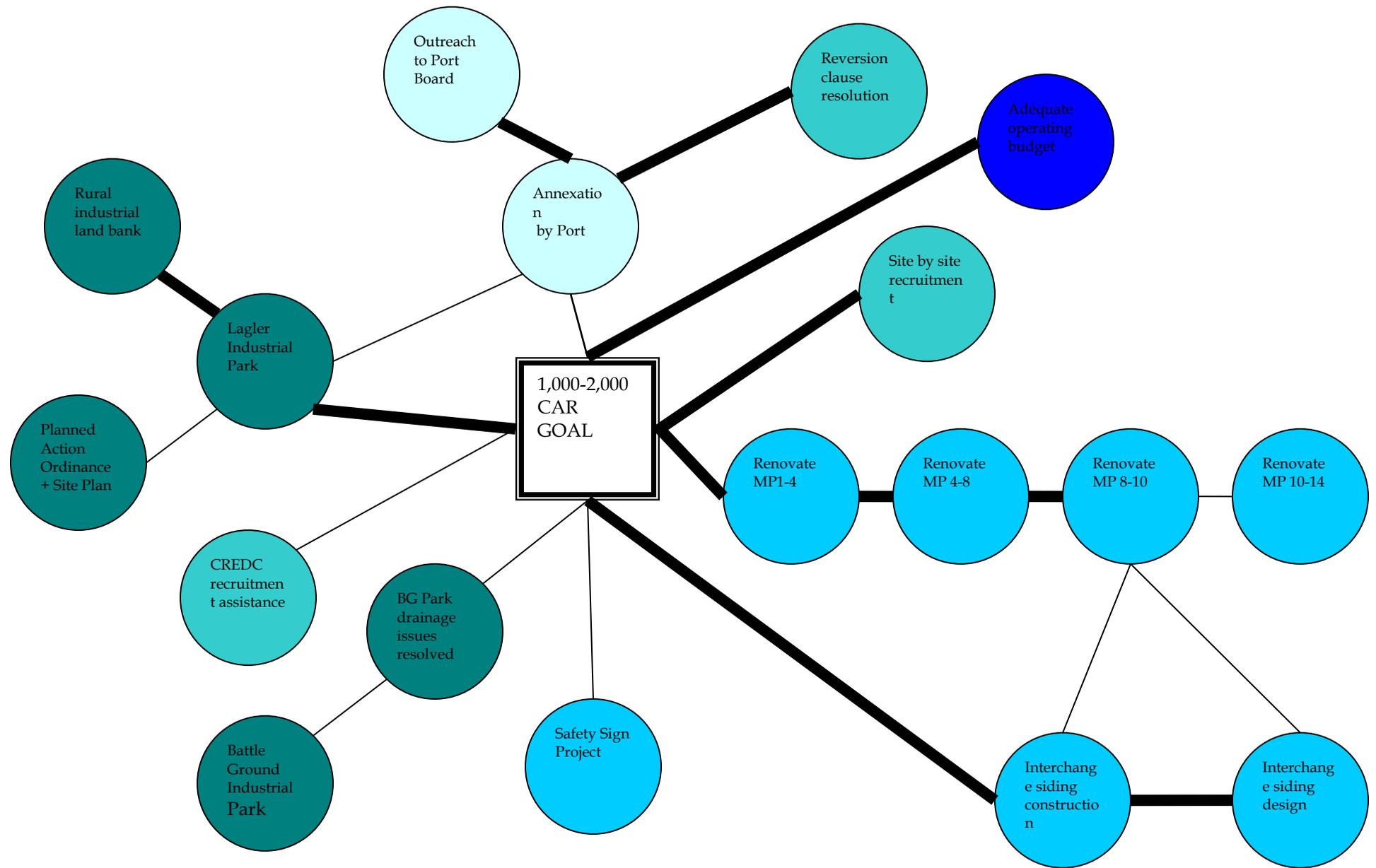
R2	Work with CREDC to create an industrial focus for rail											
REC1	Scenic Excursion Trail MP 22-27											
REC 2	Rails with Trails Segment 1( Parks Dept)											
S1	Establish operating budget so staff can prepare grant applications, recruit, market, etc.											
Z1	Create rural industrial bank for Lagler											
Z2	Create planned action ordinance and site plan for Lagler											
Z3	Zone Lagler for industrial use											
Z3	Work with Battle Ground to resolve rail and storm drainage issues											
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

## **Relationships and Dependencies**

**Boldlines=dependencies**  
**We must do "a" to achieve "b"**

**Light lines=relationships**  
**If we do "a" it will be helpful in achieving "b"**









## Appendix A

### 2010 Shipper List

<p><b>Andersen Plastics &amp; Dairy (MP 14.0)</b>          Jack Dunn          PO Box 310          Battle Ground, WA 98604          (P) 360-687-7171          (C) 360-901-6424  <a href="mailto:jwdunn6796@aol.com">jwdunn6796@aol.com</a></p>	<p><b>BOCC Gases (Linde Gas) (MP 4.0)</b>          Thomas Love          4715 NE 78<sup>th</sup> Street          Vancouver, WA 98665          (P) 360-695-1255          (C) 360-280-1790  <a href="mailto:Thomas.love@linde.com">Thomas.love@linde.com</a></p>
<p><b>Food Express (MP 13.5)</b>          Marc Widing          2901 NW Lower River Rd          Vancouver, WA 98660          (P) 360-694-1596          (C)  <a href="mailto:fxinorthwest@foodexp.com">fxinorthwest@foodexp.com</a></p>	<p><b>GTS Drywall (MP 13.5)</b>          Kyle Monroe          1109 SE Grace Ave          Battle Ground, WA 98604          (P) 360-687-2363          (C)</p>
<p><b>Omega Industries (MP 3.4)</b>          Steve Kosaris          7304 NE St. Johns Rd          Vancouver, WA 98665          (P) 360-694-3221          (C) 921-1903  <a href="mailto:steve@omega-industires.com">steve@omega-industires.com</a></p>	<p><b>State Pipe &amp; Supply (MP 3.2)</b>          Tony Gulickson          3508 NE 68<sup>th</sup> Street          Vancouver, WA 98661          (P) 360-693-3650          (C) 360-772-1776  <a href="mailto:tony.gulickson@statepipenwd.com">tony.gulickson@statepipenwd.com</a></p>
<p><b>Canfield Transfer LLC (MP 5.0)</b>          Steve Canfield          25015 NE 37<sup>th</sup> Avenue          Ridgefield, WA 98642          (P) 360-887-0973          (C) 360-991-4814  <a href="mailto:steve@canfieldtransferllc.com">steve@canfieldtransferllc.com</a></p>	

## Appendix B August 2010 Economic Profile

In August 2010, Clark County nonfarm employment fell by 300 jobs on a seasonally adjusted basis. Cutbacks in the temporary census workforce came to 100 jobs, and only about 50 census workers were still on the payroll during the month of August. Unadjusted employment declined by 700 to 125,600 jobs. K-12 education dropped by 1,700 jobs due to seasonal summer layoffs, but the drop was less than usual, temporarily boosting the year over-year comparisons. This August was 1,700 jobs below August 2009, a decline of 1.3 percent. The county has lost 8,200 jobs (6.1 percent) since the recession began. It may be that employment in the county has finally hit bottom. If so, it may well bounce along for the next few months, with a slight upward trend.

- Manufacturing employment rose by 300 jobs in August, slightly above the normal seasonal trend, to reach a total of 11,800. Fabricated metal products, food and paper manufacturing all bumped up by 100 jobs. Total manufacturing payrolls were 200 short of August 2009, despite the addition of 200 electronics jobs earlier this year.
- Trade, transportation and utilities employment fell by 200 jobs in August, when there is typically no seasonal trend. Wholesale trade was unchanged over the month at 5,200 jobs, but down by 100 over the year. Retail trade fell by 300 jobs over the month to an even 15,000 jobs and fell by 200 jobs over the year. Employment at general merchandise stores, which normally increases by 100 jobs at this time of year, instead fell by 100 over the month. Transportation, warehousing and utilities added 100 seasonal jobs over the month, matching the 3,700 jobs from last August. Total employment for trade, transportation and utilities was estimated at 23,900, a drop of 300 jobs from one year ago.
- Information totaled 2,700 jobs, with no change over the month, but a loss of 100 from a year ago. This sector has shown little change over the past two years.
- Construction and mining added 100 jobs in August 100 below the normal seasonal hiring trend. The total of 8,500 jobs was 15.8 percent below August 2009. Through July, homebuilders filed permits for 767 housing units – double last year’s pace, but less than that in 2008 and a third of the average from the 1997 through 2007 era.
- Financial activities remained at 5,800 jobs over the month, 100 below August 2009.
- Professional and business services added 200 jobs in August, slightly above the seasonal trend. Total sector employment came to 14,800, the same as a year ago. The net new hiring was in administrative, support, waste management and remediation services, including 100 at temporary agencies. This subsector, at 6,800 jobs, was still 200 behind last year’s pace. Professional, scientific and technical services, at 6,700, was up 100 over the year, as was corporate offices (management of companies), at 1,300 jobs.
- Education and health services rode the seasonal trend adding 200 jobs over the month, with 100 in private educational services and another 100 in social

assistance. For the first time in a long time, healthcare remained at 15,000 jobs over the month and year. The education and health services sector total of 18,800 was 400 jobs more (2.2 percent) than a year ago – thanks to the additions of 300 in education services and 100 in social assistance.

- Leisure and hospitality gained 200 seasonal hires, rising to 12,500. All of the action was in accommodation and food services. In the past year, this sector has lost 700 jobs, including 300 in arts, entertainment and recreation services, and 400 in accommodation and food services.
- Other services – personal services, repair services, community organizations – employed 4,600, the same as in July 2010 and in August 2009.
- Government payrolls fell by 1,500 over the month. Federal employment declined by 100 to 3,100 jobs, as most of the remaining temporary census workers were let go. State agencies added 300 jobs in early seasonal hires in education. K-12 schools cut another 1,700 positions for summer break, but that was less than usual. Next month's hiring will probably be below the usual as employment returns to normal school-year levels. Other local government agencies remained at 5,700 over the month, but were down by 200 jobs over the year. That left total public sector employment at 22,100, or 900 jobs above August 2009, but again, much of that edge will disappear next month.

The preliminary estimate of the county's unemployment rate was 13.1 percent this August, same as the revised rate of July. An estimated 28,600 county residents were jobless and looking for work. The rate was 13.6 percent a year ago.

August unemployment claims filed by Clark County residents in the Washington unemployment insurances system:

- 1,883 initial unemployment claims were filed, which was:
  - o Lower than the 2,707 from last August
  - o Higher than the 1,787 from August 2008
  - o About 27 percent higher than the 1,489 average for August 2005-2007
- 5,166 continued regular claims (first six months of unemployment)
- 5,162 federal Emergency Unemployment Compensation (EUC) claims
- 1,177 claims for state extended benefits (EB)
- Total continuing claims: 11,505 versus only 3,664 in August 2008 and 2,500 the previous two Augusts. Unemployment insurance checks from the state of Washington for Clark County residents have totaled \$139million this year through August. Around 5,000 residents filed in the Oregon system for regular benefits; the Oregon numbers for Clark County residents on EUC and EB was not available.

## Appendix c Risk Analysis for Overall Rail Improvement Program

Clark County applies a risk analysis to all projects needing major public investment. Risk analysis looks for fatal flaws in the project, and for the conditions that might trigger the fatal flaws.

### Risk analysis

The risk analysis evaluates the best and worst that might occur if the proposed projects project “GO” (proceeds), and the best and worst that might occur if the project s “NO GO” (do not proceed).

The analysis is first presented for the project and its ramifications, and then is presented in terms of the factors that might trigger the GO or NO GO actions.

### Conclusion:

The county risk analysis shows the risks involved with improvement of the rail line are manageable and reasonable for a moderately sized infrastructure project.

### Ramifications

	BEST CASE	WORST CASE	
GO	<ul style="list-style-type: none"> <li>• Increase freight use</li> <li>• Increased percent of land use along line using rail</li> <li>• Recruit users specifically needing rail service</li> <li>• Provides link to future commuter rail</li> <li>• Provides well used trail for pedestrian and bicycle</li> <li>• Increased revenue allows operator to expand service and increase maintenance</li> <li>• Increased revenue allows the county to expand maintenance, invest in more trails, and enhance economic development efforts</li> <li>• More truck traffic diverted from highways</li> <li>• Mainline congestion eased</li> <li>• Reducing risks on the railroad reduces risks to Clark County government</li> </ul>	<ul style="list-style-type: none"> <li>• Rail improvements made but no expansion of use from existing operators</li> <li>• Improvements made but new location of users does not occur</li> <li>• Citizens do not use trail</li> <li>• Operator and county use increased revenue for items other than maintenance</li> <li>• No impact on mainline congestion</li> <li>• No impact to divert truck traffic</li> <li>• Reducing risks to the railroad reduces risk to Clark County</li> </ul>	GO
NO GO	<ul style="list-style-type: none"> <li>• Incremental improvement of line at one mile or less per year, fastest total buildout in 9 years</li> <li>• Maintenance keeps line operable</li> <li>• Freight use is stable on unimproved segments, increases</li> </ul>	<ul style="list-style-type: none"> <li>• Line deteriorates so quickly that existing users abandon line</li> <li>• No incentive to improve line because of deterioration on unimproved segments</li> <li>• Land uses along line do not use rail</li> </ul>	NO GO

	BEST CASE	WORST CASE	
	on improved segments	<ul style="list-style-type: none"> <li>• Rail operator abandons contract with county</li> <li>• County sells line or abandons operation</li> </ul>	

The second step in the risk analysis is to assess what might cause the conditions in each portion of the risk analysis to occur.

Triggering conditions

	BEST CASE	WORST CASE	
GO	<ul style="list-style-type: none"> <li>• Rail coordinator and rail economic development team remain active in recruiting and supporting business</li> <li>• Private business locates along rail based on their private site selection processes</li> <li>• Economic recovery is slow and steady</li> <li>• Mainline rail traffic increases by percent that allows short line operation to reduce congestion</li> <li>• Truck traffic increases by percent that allows short line operation to reduce congestion</li> </ul>	<ul style="list-style-type: none"> <li>• Rail coordinator and rail economic development team fail to act, and private business does not site along the railroad on its own</li> <li>• Economy does not recover, or does not recover in commodities using rail service</li> <li>• Mainline rail and truck traffic increase to such an extent that rail does not significantly impact congestion on other modes</li> <li>• County or operator adopt policies that do not value re-investment in maintenance</li> </ul>	GO
NO GO	<ul style="list-style-type: none"> <li>• Rail coordinator and rail economic development team remain active in recruiting and supporting business</li> <li>• Private business locates along the railroad based on their private site selection criteria</li> <li>• Rail coordinator is active in soliciting new grants for rehabilitation</li> <li>• Economic recovery is slow and steady</li> </ul>	<ul style="list-style-type: none"> <li>• Rail coordinator and rail economic development team do not recruit and support business or soliciting new grants for rehabilitation</li> <li>• Economic recovery does not occur</li> <li>• Operator and county lose interest in rail opportunity</li> <li>• Rail using businesses locate out of rail corridor, and non-rail using businesses locate in corridor</li> </ul>	NO GO