

Gateway Pacific Terminal Scoping Comment:
Need for a Comprehensive, Economic Cost-Benefit Analysis

Communitywise Bellingham has been identified by the EIS Agencies as a Key Stakeholder. We have been active in developing research and suggesting process for the last two years. Our focus is local, Whatcom County and Bellingham. This is one in a series of comments on specific aspects of issues.

CWB respectfully requests that the GPT EIS include a comprehensive, economic cost-benefit analysis for Whatcom County, covering the specific impact and issue areas detailed in the follow pages. In addition, we request that the EIS include a broader economic cost-benefit analysis that includes its economic impacts on the communities directly impacted by the project's train and vessel traffic. While our organizational mandate focuses on Whatcom County, we are compelled by the call of other rail and vessel corridor communities that the project's potential impact on their local economies should be fairly considered.

Specific impacts that we believe are significant and reasonably foreseeable consequences of GPT and merit close study as part of a comprehensive cost-benefit analysis follow below:

GPT's train traffic-related impacts will likely reduce Whatcom County's projected rate of employment growth with a possible net negative employment impact for the County.

As a result of other impacts outlined below, GPT's train traffic-related impacts on other economic sectors can be expected to reduce Whatcom County's projected rate of employment growth. If this drain on other projected employment growth passes above the 13% threshold during the first ten years of the terminal's construction and operation, GPT's impact will produce a net negative impact on Whatcom County employment, according to the 2012 study by Public Financial Management.ⁱ Some economic areas and assets identified as particularly vulnerable to negative GPT impacts include: Bellingham's waterfront development, tourism, attracting and retaining a mobile professional sector, property values, and Bellingham's outdoor/green "brand." (See more on these topics below.)

GPT's train impacts could result in significant mitigation costs to local taxpayers.

The GPT train-related mitigation costs that would be required to partially recover the current level of waterfront access in Bellingham could reach into the hundreds of millions of dollars. The more than two-fold increase in train traffic as a result of GPT will require new train tracks ("active sidings") in Whatcom County, most likely along the Bellingham waterfront, blocking vehicle access to Boulevard Park and obstructing current pedestrian access points along much of the waterfront.ⁱⁱ Bridges, overpasses, parking structures and other construction would be needed to mitigate this

situation. Legally, BNSF is exempt from paying above 5% of mitigation costs; the remaining 95% of the bill falls to the local jurisdictions. These substantial and foreseeable costs to the public should be identified in EIS and calculated into the GPT balance sheet.

GPT's significant increase in train traffic will result in increased train noise and traffic congestion, possibly harming nearby businesses.

GPT will create increased train traffic along Bellingham's waterfront and downtown areas. This is significant, probable and foreseeable as the GPT PID states that the terminal will need ten new train trips a day for Phase I and 18 trains a day for Phase II. Current train traffic through Bellingham is estimated at 12 to 14 trains a day. With this substantial increase in the volume of train traffic, coal trains' heavy weight and their extended length spanning more than 1.5 miles, increased levels and frequency of train screeching and successive horns blowing can be anticipated.

Due to the Bellingham's number of at-grade crossings, significant traffic delays are also expected in the downtown and waterfront areas, according to the 2012 Gibson Traffic Consultants' report.ⁱⁱⁱ Increased noise and traffic congestion can be reasonably expected have a detrimental impact on existing and future businesses in the vicinity.

GPT train-related impacts could dampen the economic success of redevelopment at the former Georgia Pacific site along the Bellingham waterfront.

Both the PFM study of GPT's potential economic impacts and the GTC's traffic analysis indicate that GPT trains could pose a real threat to waterfront redevelopment. GTC concludes that, "preliminary analysis suggests potentially severe consequences for the City's transportation plan and planned waterfront redevelopment."^{iv} Investment in waterfront redevelopment could reach \$1 billion over the next 25 to 30 years and produce 5,600 direct jobs, according to the Port of Bellingham. Even a minor negative impact on the waterfront's redevelopment and employment creation could completely offset any GPT employment gains for Whatcom County.

Tourism could suffer from high volume coal train traffic.

Four out of five visitors to Whatcom County traveled through Bellingham and found Chuckanut Drive and Boulevard Park among the top attractions, both of which will be affected by GPT coal train traffic. Visitor surveys have shown that some of the highest rated County and City attractions are the environment, parks, scenic areas, recreational trails, and downtown Bellingham and Fairhaven as particularly important draws. The degree to which these visitor experiences are lessened by increased train traffic, noise, diesel exhaust, reduced waterfront access or other related GPT impacts, tourism-based revenue and employment could suffer.

GPT impacts could lessen the in-migration and retention of professional and entrepreneurial sector.

The GPT terminal could make the City and County less attractive to professionals and entrepreneurs concerned about the quality-of-life impacts of a large coal transportation and export operation. PFM found that in terms of in-migration of skilled workers and entrepreneurs to the region's economy, "the choice of living in the County or City is worth something to individuals and they appear willing to pay for the region's location, lifestyle, and geography."^v This lessening of the area's real or

perceived “livability” due to high volume coal traffic could have a significant impact on employment growth from new businesses attracted to area.

GPT impacts could damage the area’s green “brand.”

“Both tourism and the in-migration attraction are based in part on the perception of the area as environmentally conscious,” the PFM study found. Currently, the region is seen as a green and socially responsible area. To the extent that GPT changes current residents’ experiences with lifestyle characteristics they value, out-migration (particularly among those in the mobile class of skilled workers and entrepreneurs who bring large incomes to the County and/or are job creators) could be an economic risk to the area.

GPT train traffic could interfere with local freight delivery.

GPT trains could overwhelm local rail capacity, with potential impacts for local businesses that depend on the rails. GTC’s analysis identified this concern: “A key question may be whether this interstate traffic from the coal trains will have the impact of reducing the availability of local rail spur business necessary to serve Bellingham businesses. These issues can be analyzed as part of the economic impact analysis.”^{vi}

GPT train traffic could decrease property values along the rail corridor.

Published research shows that prospective homebuyers view locating near train track with heavy freight traffic very negatively, and would rather locate beside an interstate highway.^{vii} For this reason, increased freight rail traffic will diminish the value of affected real property relative to non-affected real property. The negative effect from increased freight rail traffic is multi-dimensional and cumulative. Studies suggest that negative effects on real property prices can be expected to follow from: noise, health and safety concerns (interrupted sleep, emergency vehicle delay), air quality effects (diesel particulates, coal dust), land use impacts (recreation – decreased access to parks, ability to enjoy parks), traffic (traffic delays at level crossings); and socioeconomic impacts (perceived “livability,” damage to a community’s “brand,” and loss of economic development opportunities).

Expected diminished property values will likely be one of the most tangible methods for assessing cumulative adverse impacts from increased freight rail traffic from GPT. For this reason, CWB requests that the co-lead agencies take the following actions within the EIS:

A. Carry out a comprehensive, peer-reviewed literature review on the direct, indirect and cumulative relationships between change of intensity of freight rail traffic and property values. The study should identify any non-linear relationships, or inflection points, between freight train intensity (proximity, frequency, duration, decibels, ground vibration) and property values.

B. Identify all expected direct, indirect and cumulative effects to property values attributable to increased GPT-related train activity and, to the extent possible, quantify these using an econometric analysis. Econometric methods, real estate sales data and other available data exist, making quantification possible, though new research and data analysis may be required. A study may need to be conducted in a region that could generalize to other regions along the mine-to-GPT rail

corridor. A conclusion that GPT-related freight train impacts on property values cannot be considered due to the existence of little or no evidence is unacceptable.

C. Include all affected property in the rail corridor in the economic analysis.

D. Include an estimate of net change to property tax revenue following from expected decreases to property values in the economic analysis.

E. Identify proposals for mitigating negative effects on property values.

F. The econometric analysis might also be able to quantify potential benefits to real property values from effective mitigation (benefits from sound barriers, overpass construction, etc.)

Coal and shipping vessels could impact commercial fishing and exercise of tribal fishing rights.

New piers, high volume vessel traffic, anchorages, increased risk of ship collision, coal leachates, fugitive coal dust and on-going tanker discharge of pollutants into Salish Sea could each have a detrimental impact on fish populations—Cherry Point herring in particular, which is central to the health of Puget Sound salmon and marine mammals. All these impacts require close study. *(Please see Friends of the San Juan’s GPT scoping submission for a fuller discussion of these concerns and a related list of specific impacts the EIS should cover.)^{viii}*

In addition, GPT vessel impacts need to be analyzed in the EIS within a cumulative context, taking into account both current industrial operations in the region and the anticipated increase of vessel traffic from Canadian tar sands oil and coal producers shipping through the same Salish Sea routes. Daily, baseline GPT coal and vessel impacts must be studied as well as the likely damage from and response to a catastrophic event such as a vessel collision. The question of “who pays?” must be addressed.

These daily and catastrophic GPT impacts could translate into an economic loss for the local fishing industry. The economic impact on nearby island communities must be assessed. In addition, harm to local marine species and increased vessel traffic could negatively impact Lummi and other tribal nations’ ability to exercise their fishing rights, with economic and other repercussions.

Estimates of GPT economic benefits locally may be inaccurate.

A thorough cost-benefit analysis of GPT must verify the presumed benefits in addition to quantifying the costs. Some stated employment gains for Whatcom County may be, in fact, job relocations rather than “new” or “added” streams of employment revenue in the County. An example could be local longshoremen who already live in Whatcom County and commute to other ports for employment. In this case, these residents are already investing their salaries locally, and as such calculations of GPT-related “indirect” employment gains in this case may be overestimated. Other cases of job relocations could exist as well and merit study.

Another GPT benefit to study further is the level of local capital investment during the construction phase. Will train car-unloading machinery, coal-moving machinery, and pier machinery be manufactured here or elsewhere? How does that affect GPT’s estimates on construction investments locally?

In sum, decision-makers need detailed and verified data on the true costs and benefits of GPT. Only with an accurate understanding of GPT's economic balance sheet for our communities can the permitting agencies weigh GPT's negative impacts against the potential economic benefits.

ⁱ Public Financial Management, Inc., "The Impact of the Development of the Gateway Pacific Terminal on the Whatcom County Economy," 2012: <http://www.communitywisebellingham.org/wp-content/uploads/2012/03/Communitywise-Bellingham-Report-3.6.2012.pdf>. Also note an SSA Marine-commissioned review of this report found the net negative impact threshold to be closer to 24%. This review is available here: <http://www.communitywisebellingham.org/ssa-marine-response-to-pfms-economic-impacts-study/>

ⁱⁱ CWB, "Gateway Pacific Terminal Impacts on the Bellingham Waterfront," 2012: <http://www.communitywisebellingham.org/cwb-studies-gpt-train-impacts-on-the-waterfront/>

ⁱⁱⁱ Gibson Traffic Consultants, "Cherry Point Export Commodity Facility Rail Operations—City of Bellingham," 2012: <http://www.communitywisebellingham.org/gpt-traffic-impacts-on-the-waterfront/>

^{iv} Gibson Traffic Consultants, "Cherry Point Export Commodity Facility Rail Operations—City of Bellingham," 2012: <http://www.communitywisebellingham.org/gpt-traffic-impacts-on-the-waterfront/>

^v Public Financial Management, Inc., "The Impact of the Development of the Gateway Pacific Terminal on the Whatcom County Economy," 2012: <http://www.communitywisebellingham.org/wp-content/uploads/2012/03/Communitywise-Bellingham-Report-3.6.2012.pdf>.

^{vi} Gibson Traffic Consultants, "Cherry Point Export Commodity Facility Rail Operations—City of Bellingham," 2012: <http://www.communitywisebellingham.org/gpt-traffic-impacts-on-the-waterfront/>

^{vii} Simons, RA. El Jaouhari, A. "The Effect of Freight Railroad Tracks and Train Activity on Residential Property Values," *The Appraisal Journal*, Summer 2004; 223–233.

^{viii} Friends of the San Juans: <http://www.sanjuans.org/documents/FSJFinalScopingLetterGPTEIS11820131530.pdf>