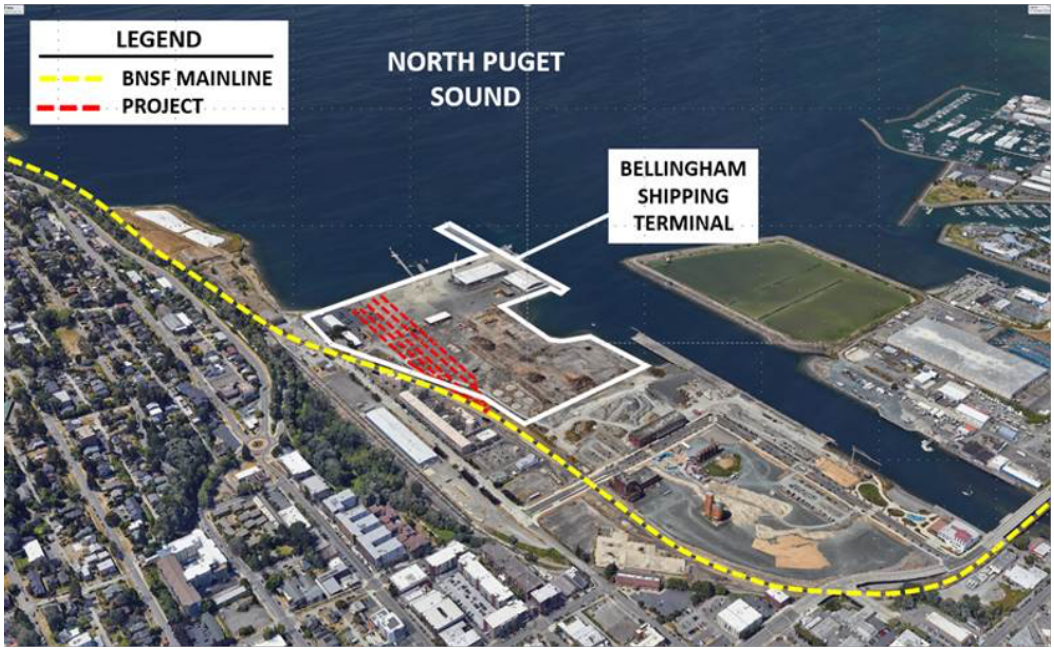
PORT OF BELLINGHAM
Washington State

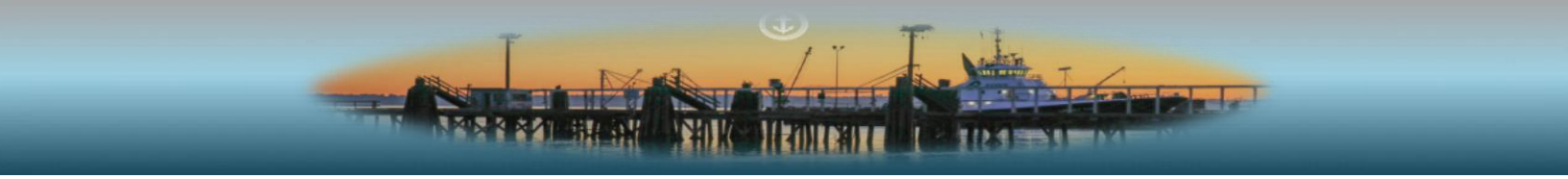


CRISI Program
FY 24 Grant Application

Bellingham/U.S. Advantage Rail Connection Project

UEI: NRYGMRVUBJA6

MAY 2024



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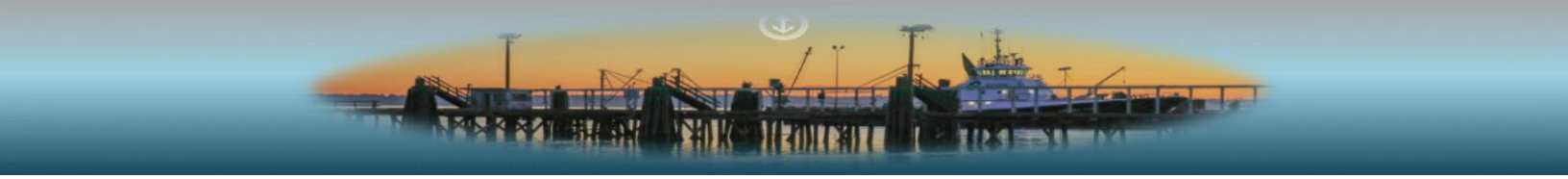
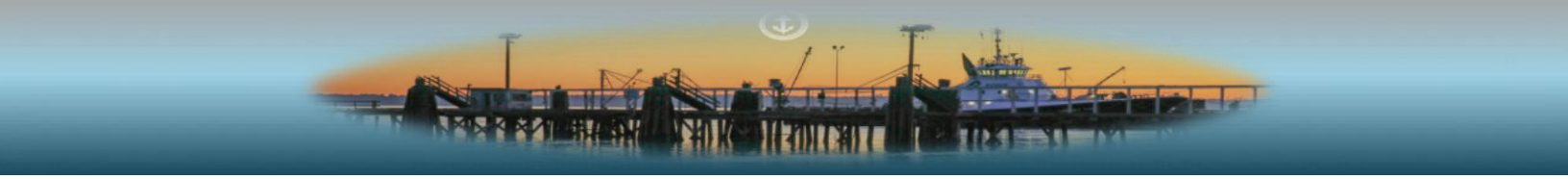
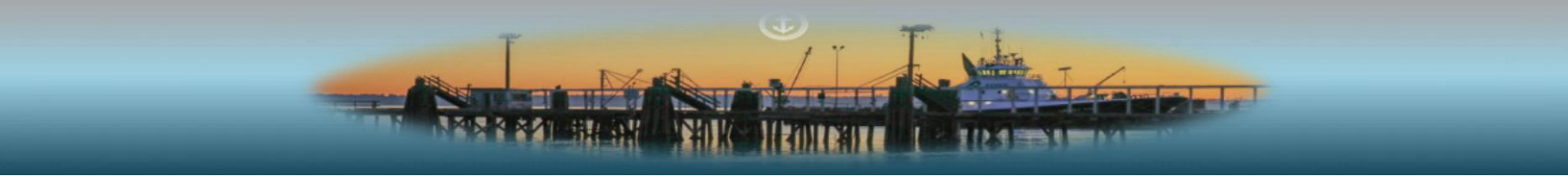


I. Cover Page

Project Title	Bellingham/U.S. Advantage Rail Connection
Applicant Name	Port of Bellingham
Amount of CRISI Program Funding Requested under this NOFO	$14,344,800
Amount of Proposed Non-Federal Match	$3,586,200
Other Sources of Federal Funding, if applicable	None
Source(s) of Proposed Non-Federal Match	Port of Bellingham General Funds
Total Project Cost	$17,931,000
Was a Federal Grant Application Previously Submitted for this Project	No
City, County, State Where Project is Located	Bellingham, Whatcom County, Washington State
Is the Project Located in a Rural Area?	No
Congressional District Where Project is Located	WA02
Application Track(s) proposed to be funded by this NOFO	Track 3
Lifecycle Stage(s) proposed to be funded by this NOFO	Construction
Current Lifecycle Stage and Anticipated completion of current Lifecycle Stage?	Project Development
Is the Project located on real property owned by someone other than the applicant?	No
Host Railroad/Infrastructure Owner(s) of Project Assets	Port of Bellingham
Other Impacted Railroads	BNSF
Tenant Railroad(s)	None
If applicable, is a 49 U.S.C. 22905-compliant Railroad Agreement executed or pending?	N/A
Is the project currently programmed in ANY medium- or long-range planning document: *For example, State rail plan, or interregional intercity passenger rail systems planning study, State Freight Plan, TIP, STIP, MPO Long*	No



Range Transportation Plan, State Long Range Transportation Plan, etc. ?	
Is the project located on a potential corridor selected for the Corridor Identification and Development Program?	Yes
Is this a project eligible under 49 U.S.C. 22907(c)(2) that supports the development of new intercity passenger rail service routes including alignments for existing routes?	No
Is this a project eligible under 49 U.S.C. 22907(c)(11) that supports the development and implementation of measures to prevent trespassing and reduce associated injuries and fatalities?	No
If YES to the previous question, is this project located in a county identified in FRA's National Strategy to Prevent Trespassing on Railroad Property?	N/A
Is the application seeking consideration for funding under the Maglev Grants Program?	No



II. Project Summary

The Port of Bellingham (Port) requests $14,344,800 in Fiscal Year 2024 Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program grant funding for its **Bellingham/U.S. Advantage Rail Connection project** (project) which restores a direct rail connection at the Bellingham Shipping Terminal (BST) and adds track inside the terminal. Restoring rail connections on this prime port property adjacent to the robust west coast rail network allows seamless and clean cargo movement rather than relying on trucks for transport. It will connect Bellingham to **32,500 miles of track in 28 states and three Canadian provinces**.

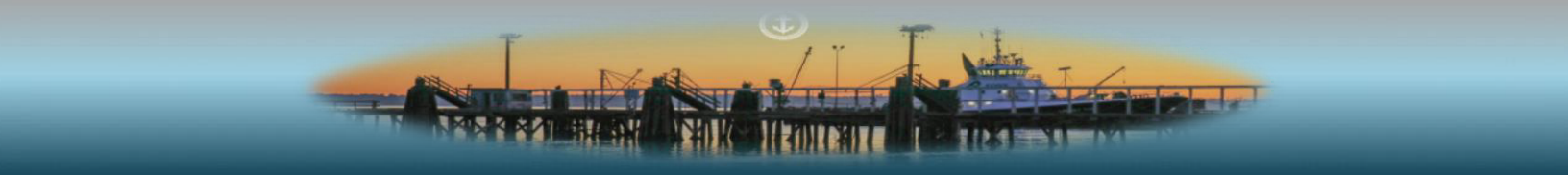
The addition of rail also evolves BST into a competitive alternative to the congested terminals in Vancouver, British Columbia in moving high-value cargo such as automobiles into and across the Canadian market. Leveraging this opportunity is a generational chance to maximize years of work and investments to bring back well-paying waterfront jobs to the northern shores of Washington's Puget Sound.

III. Grant Funds, Sources and Use of Funds

The budget is detailed below to show a $11.7 million construction budget, a 30% contingency and a 20% match from Port funds to make the project a success. The federal funds requested under this application will be used largely for project construction (Track 3), costing $11.7 million, while Port-matched funds will cover most of the costs associated with engineering design, construction management, NEPA review and permitting which total $2.9 million. The Port is committed to providing a match that amounts to 20% of the total project cost, or $3,586,200 (see Attachment 5: *Financial Commitment Letter*).

Project Cost Estimate

Task #	Component Name / *Lifecycle Stage*	Cost	Percentage of Total Cost	Source of Funds
1	Project Administration and Management	3,491,532	19.4%	Port and CRISI
2	Completion of Environmental Review and Predesign	1,613,716	9%	Port and CRISI
3	Final Design	1,075,811	6%	Port and CRISI
4	Construction	$11,749,122	65.6%	Port and CRISI
Total Project Cost		$17,931,000	100%	Port and CRISI
Federal Funding Requested in this Application		$14,344,800	80%	CRISI
Non-Federal Funding (State)		$0	0%	N/A
Non-Federal Funding (Private Sector)		$0	0%	N/A
Non-Federal Funding (Local)		$3,586,200	20%	Port



Other Committed Federal Funding	$0	0%	N/A
Portion of Total Project Costs Spent in a Rural Area	$0	0%	N/A
Other Pending Federal Funding Request	$14,344,800 $17,931,000	80% 100%	PIDP RAISE
Amount of funding request eligible for set-aside funds	N/A	N/A	N/A

IV. Applicant Eligibility Criteria

The Port of Bellingham is a public agency established by Whatcom County voters on September 14, 1920. It has the authority to plan, construct, own, operate and maintain the Rail Connection Project under Washington State RCW Chapter 53, which reads (in pertinent part):

> ***Port districts authorized—Purposes—Powers***
> *(1) Port districts are hereby authorized to be established in the various counties of the state for the purposes of acquisition, construction, maintenance, operation, development and regulation within the district of harbor improvements, rail or motor vehicle transfer and terminal facilities, water transfer and terminal facilities, air transfer and terminal facilities, or any combination of such transfer and terminal facilities, and other commercial transportation, transfer, handling, storage and terminal facilities, and industrial improvements.*

As shown in the Project Cost Estimate (above), the Port is providing a 20% match and seeks no more than 80% of total project costs through the CRISI program. The estimate is based on the best available information and accounts for inflation.

V. Project Eligibility Criteria

This project is eligible under the CRISI FY24 NOFO as a capital project constructing track as noted under section C.3.a.ii, except that a project shall not be required to be in a State rail plan developed under 49 U.S.C. chapter 227. It also **facilitates service integration between marine shipping and overland distribution of goods** by providing a direct ship-to-rail option, lessening the need for on-terminal or near-terminal storage and eliminating the need for go-between transport methods (see NOFO section C.3.a.ix).

VI. Detailed Project Description

With 1,250 feet of dock space, over 85,000 square feet of covered storage and 23 acres of laydown area, the **Bellingham Shipping Terminal offers a gateway to world markets without the congestion found at larger regional ports**. The Rail Connection project completes the third of three long-planned project components – two which were funded under a Martime Administration Port Infrastrucure Development Program (PIDP) FY2020 award – to capstone the modernization of BST. It provides the entire region with the benefits that come from efficient

on-dock rail service capable of transporting bulk and breakbulk cargos to and from its three berths.

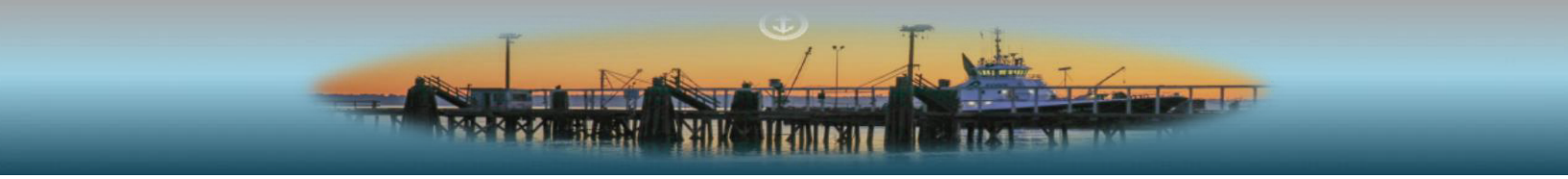
The project is ideally located for a direct connection to rail as the Port sits adjacent to the Northwest Division, Bellingham subdivision, PA-J-US Can BDR branch of the BNSF mainline tracks that transit from Seattle, Washington to Thornton Yard in Vancouver, British Columbia, Canada. The project will be built between two crossings, MP 96.5 (DOT#084807R) on the south and MP 96.648 (DOT#084909E) on the north, bridging a critical marine-rail gap.

The proposed rail layout is designed to hold up to 150 40-foot railcars on five tracks. The tracks will be rated as industrial track spurs off the BNSF Mainline which runs parallel to the I-5 corridor from Portland, Oregon to Vancouver, British Columbia.

Figure 1: BST On-Dock Rail Schematic of BNSF Main Line and Working Track Configuration

The project's five loading tracks total 5,995 feet in length and include a 1,575-foot siding specifically designed to support automobile imports and bulk cargo.

- Rail cars for autos vary between 87 and 89 feet with 10 autos per rail car. Each auto rail car is equivalent to 1.11 trucks (nine autos per truck), making rail a more efficient and effective way to move autos from the ship to their ultimate destination.



- Additionally, rail cars for bulk cargo vary between 57 and 71 feet with 4,700 to 6,560 cubic feet of cargo. Each bulk rail car is equivalent to 1.17 to 1.64 trucks (4,000 cubic feet per truck), again making rail a much more efficient and effective way to move a variety of commodities to their final destinations.

Because the terminal is space-limited in the amount of cargo it can store, moving autos and bulk directly to market or an inland staging area is a top priority, thus making rail transport a strategic necessity in capitalizing on the economic potential of the property without creating undue burdens on the environment.

The impacts of adding rail connections to this terminal are hard to exaggerate, as evidenced by the **4:1 benefit-cost ratio** (see *BCA* for details). Not only are the environmental and safety benefits significant, but rail is proving to be a game-changer in the Port's ability to attract high-value economic opportunities. These opportunities directly translate into union wages and overall increased quality of life benefits.

As a prime example, automobile importers have taken keen interest in Bellingham as an alternative route to reach the Canadian market. But without the ability to connect directly from ship to rail, the costs don't pencil out. In this way, high-value cargo is *dependent* on this project becoming a reality; without it, the Port will remain hindered in efficiency and reliant on emissions-heavy transportation options well into the future.

Challenges and Solutions

The Port of Bellingham's Shipping Terminal does not currently have on-dock rail connecting from the dock to the nearby BNSF line. This infrastructure deficit requires customers to depend on truck transportation to move cargo to and from the Terminal, increasing costs, endangering air quality and eroding safety both on-terminal and beyond.

Challenge: Over-Reliance on Trucks Creates Emissions and Contributes to Traffic

The Port of Bellingham's previous customer, ABC Recycling, utilized the BST to export between 27,500 to 32,000 MT per vessel of material arriving by truck, greatly increasing local and regional traffic and degrading area air quality. Despite its proximity to Class I mainline rail, the terminal's current infrastructure requires the use of trucks as a mode of moving freight. Though ABC will be leaving the Port by the end of this year, their operations demonstrate the current infrastructure's operational limitations.

Solution: On-Dock Rail Capitalizes on Underutilized Rail Capacity

The BST needs on-dock rail and **connection to Class I rail** to dramatically increase Bellingham's capacity to meet current and upcoming cargo demands for transporting heavy bulk and breakbulk cargo. Completing this project will reestablish a direct rail connection, provide on-dock rail at the BST and allow for the terminal to reach its full potential.

Challenge: Return on Investment is Limited by Lack of Rail

After the departure of Georgia-Pacific from the Bellingham market, BST was dormant from 2001 until 2016 except for use as a lay-berth and Alaska mining project barge mobilization site. Over the past two decades, the Port undertook an historic effort to clean up residual

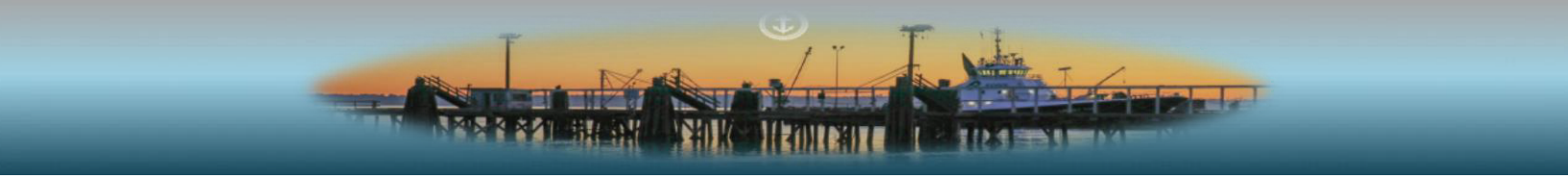
contamination left over from 20th century operations and rehabilitate the terminal into a property fit for the demands of the 21st century. With the waterway cleanup and Phases I and II of the rehabilitation now complete, and with Phase III in progress and the removal of mud outcrops, reestablishing on-dock rail is the final piece in the decades-long modernization effort to return BST to full functioning and productivity. Without it, the terminal will remain limited.

Figure 2: Bellingham Shipping Terminal (BST) is the site of this project.

Solution: On-Dock Rail Completes the Modernization and Maximizes Investments To-Date

Every investment has been made with a vision for maximal use of the property to leverage its strategic importance and bring back lost wealth. On-dock rail is the final piece, and it is critical: Rail brings significant opportunities not just economically but in terms of strategic resiliency as well, and this is reflected in its **4:1 benefit-cost ratio**.

Prior investments include $32 million for the first phase of contamination cleanup in 2016, and an ongoing $27.5 million project to modernize the Bellingham Shipping Terminal by increasing navigation depth, strengthening the main dock, removing historic environmental contamination, and installing a state-of-the-art stormwater management system which includes $6.85 million (PIDP grant) for pier/deck repairs and outcropping abatement; $1.3 million in forklifts, terminal trucks and trailers, hopper and belt conveyor, reach-stacker and front-end loader; and $1.2 million to secure and rehab a secondhand Harbor Crane (LHM 420) from MARAD.



Current and Proposed Railroad Operations in the Project Area

Despite its proximity to the BNSF mainline, the Port of Bellingham is not currently served by rail. However, historically BST enjoyed an extensive network of rail sidings and spurs that served the Georgia Pacific Pulp and Paper plant for much of the 20th century. Flatbed rail cars also carried hundreds of thousands of tons of aluminum products from the nearby Alcoa factory for export to Asia. But it all came to a halt when Georgia Pacific closed its paper mill in 2001 and ended its Bellingham operations in 2007. Aluminum exports also stopped in 2001 as Alcoa ceased its operations. Since that time, rail infrastructure at the terminal was removed by BNSF due to lack of use and the old spur's limitation to just 20-foot railcars.

Once the project is complete, the Port aims to have **biweekly rail service**, or **eight pick-ups per month**, based on its strategic goal of attracting auto importers and bulk shipments.

Project Outcome: Safety

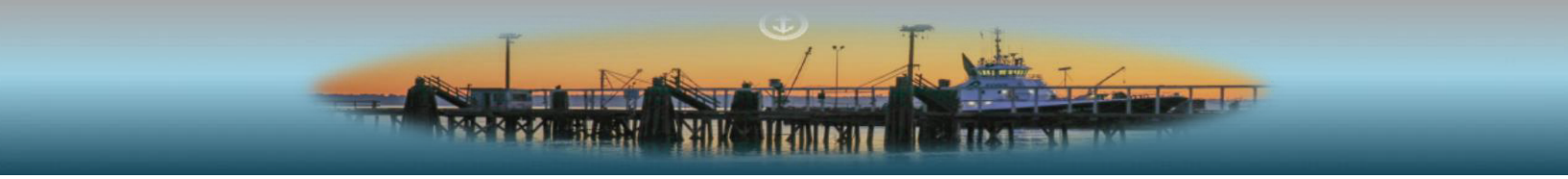
The project's design meets current rail safety standards to bring to life a sound and resilient dedicated rail facility. Once this project is complete, an estimated at least **80 million truck vehicle miles travelled (VMT) can be removed from highways**. This decrease in truck VMT will reduce accidents on both local roads and national highways, contributing to regionwide safety and lessening the wear and tear of shared roadway infrastructure.

As proven at terminals around the world, rail is a safer way to move cargo than trucks are. Trucks create more unpredictability on-property, creating worker safety concerns. Once they leave the terminal, trucks can be involved in traffic accidents, and due to their size and weight, passenger vehicles are at a severe disadvantage in an accident with a truck.

Safety benefits accrue as cargo shifts from truck to rail not just near the Port but well beyond its boundaries, especially up and down the Interstate 5 corridor. The State of Washington recorded 5,370 traffic-related fatalities in the years 2013 to 2022, 11% (591) of which involved Large Trucks. Over the same period, Whatcom County experienced 13 traffic-related fatalities involving Large Trucks, two of which happened in the City of Bellingham. (Only one of the recent fatalities was located near the Port of Bellingham BST and it was a single car accident, reflecting the safety practices implemented to prevent as much truck-auto conflict as possible.)

By contrast to trucks, train transport is limited to specific and well-defined corridors and separated from passenger traffic in myriad ways, from controlled crossings to strict scheduling that minimizes modal conflict. As the project advances, the Port will participate in Operation Life Saver Education around the area to help the community understand rail operations and the safety precautions that must be followed to avoid tragic accidents on or near the rail line.

Staff estimates show the project removing at least 8,400 trucks from the City of Bellingham, Whatcom County and I-5 near the Port of Bellingham based on autos alone, which are only a fraction of the potential supply chain. Removing heavy cargo from local roads and highways will help achieve the Washington and California goals of Vision Zero, which align with USDOT's National Roadway Safety Strategies (NRSS) and its Safe System Approach to highways. The benefit-cost analysis estimates that over the 20-year period following project completion, at least 80 million vehicle miles will be removed from roads and highways, **saving the public $12**



million in potentially avoidable fatalities and an estimated three severe injuries caused by vehicle accidents.

The Port's on-terminal customer data showed tenants were only unloading one truck at a time to maintain a high degree of safety. But this comes at a steep cost in terms of efficiency and cost effectiveness, and it can complicate safety and efficiency on adjacent city streets when backups happen. Although the trucks follow the local Truck Route designation, traffic in the vicinity of the terminal often slows down due to these vehicles. On-dock rail would eliminate this trade-off between safety and efficiency, improving both.

Project Outcome: Efficiency

In addition to safety benefits, restoring rail to BST brings enormous efficiency benefits. Removing at least 30,000 trucks from the road will bring **significant fuel efficiency benefits and reductions in greenhouse gas emissions.**

But rail is also more efficient than trucks in terms of traffic congestion. It's much more cost effective for shippers as well, even beyond fuel savings. And specific to this project, given its proximity to the established BNSF line, it is "commonsense efficiency" to build a connection for direct access to that vast and interconnected network, moving cargo from ship to its final destination with as little interruption as possible.

Project Outcome: Reliability

Every shipper seeks as much guaranteed reliability as they can get. Indeed, this is why so many prospects are independently asking the Port about its plans for restoring rail capacity. It's clear that reliability is hampered at more congested ports, particularly in Vancouver, British Columbia, making the Port of Bellingham a more reliable alternative, *if it can offer the connectivity with rail that the more congested ports enjoy.*

Project Outcome: Competitive Advantage

The ability to transport containers, heavy bulk, neo-bulk and breakbulk cargo by rail through BST will improve and generate new economic vitality for the north Puget Sound communities. The lack of rail on this transformed property is a clear deficiency in its full modernization, but with rail in place, it becomes an international competitor with key advantages in terms of reliability by **connecting Bellingham to 32,500 miles of track in 28 states and three provinces.**

The Port is a designated **Foreign-Trade Zone (FTZ)** and a strong candidate for **moving Canadian-bound cargo through the U.S. market**. This project restores rail capacity to one of only 11 deep-water ports in the state of Washington which is among the largest international gateways for marine cargo in the U.S. In 2022, Washington ports handled the import and export of 15.6 billion tons of containerized cargo and 55.5 billion tons of non-containerized cargo worth $36.5 billion.

Expected Users and Beneficiaries

Port plays a significant role in the regional economy surrounding and beyond Bellingham. It is the largest property owner in Whatcom County, and through its Marine, Aviation and Real Estate

divisions, it supports more than 8,780 total jobs, or **approximately 11% of local employment.** These jobs represent $406 million in payroll and $1.4 billion in business revenue and generate **$38 million annually in state and local taxes**. Combined Marine Trade activity (including water-dependent land leases, marine rental revenue and BST income) accounts for approximately half of this economic impact.

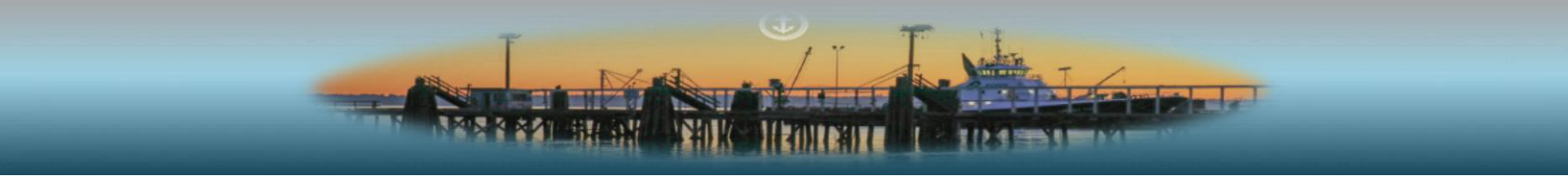
MOL is one of the largest shipping companies in the world with over 90 PCC (Pure Car Carrier) vessels, also known as Ro-Ro vessels (roll on roll off). MOL represents Kia, Hyundai and Subaru. It has taken an interest in the Port of Bellingham due to its proximity to Canada and its contrast with the congested terminals at Vancouver, British Columbia. MOL has visited the Port of Bellingham on several occasions and has begun to discuss Bellingham with Subaru. Given the Port's proximity to the Canadian border, its relative ease of access, and its potential for a direct connection to BNSF and CPKC (Canadian Pacific Kansas City railroad), autos shipped through MOL will have access to the entire Canadian market. This makes Bellingham **an ideal solution for all Canadian-bound cargo.**

Figure 3: BNSF mainline along Puget Sound in Bellingham.

Adding rail to BST would allow MOL to also do processing in Bellingham, outfitting discharged autos bound for the Canadian market at one of the warehouses near the proposed rail line. This operation will have significant impacts on the regional economy. The ship discharge would employ all 48 local **ILWU** longshore workers, each making $50 per hour. It will also generate processing jobs that are typically handled by **Teamsters**, bringing on approximately 30 additional personnel to process the vehicles prior to loading them on railcars.

BNSF has voiced full support for this project. Completing it will provide opportunities for **a more sustainable cargo than the coal and petroleum cargo that currently dominates its North/South line.** Autos bound for Canada would be a visible testament to the changing tide of BNSF cargo, especially because some of the autos (Hyundai) are slated to be electric vehicles. With coal and petroleum likely to decline in the years ahead, it gives BNSF some long-term stability as well.

The Port anticipates that **Hyundai** will also do spot cargo from time to time. With a rail connection at BST, it could move well over 3,000 autos via rail per month, with three rail departures per week, and store an additional 3,500 autos at Port processing areas. While it isn't



easy to predict total cargo discharged per vessel as these vessels also discharge autos in Southern California, Northern California, Oregon and Tacoma (Washington), the volume from Vancouver, British Columbia would be diverted to the U.S. via Bellingham, making it **economically advantageous for national competitiveness and supporting American industry**.

"This project… will make the Port of Bellingham a first-class terminal and the only of its kind, this close to international ports in Canada, as well as help with the new limits in vessel traffic, made by the Panama Canal Authority due to the ongoing drought.

This would strengthen the economic outlook for the Port of Bellingham and the surrounding community, by I.L.W.U. Hall expansion that will increase the creation of good paying union jobs. […It will] also help increase the efficiency of moving cargo in the Puget Sound."

Kyle Maneval, President I.L.W.U. Local #7

The **union benefits** of this project are high. Should MOL discharge between 1,000 and 1,500 autos per voyage, the Port would see three to four vessels per month (36 to 48 vessels per year) from auto cargo alone. The work would bring more **union workers** (longshore workers) to BST, sustaining total **annual wages between $691,200 and $921,600** plus reducing their long commutes to ports south of town, improving their quality of life, reducing emissions and strengthening community ties. The processing facility employing the 30 Teamsters will generate locally another **$400,000 in wages** between workers, management and support staff. And as more workers come and go from BST, businesses across the region stand to benefit from the economic activity they produce.

Because the project also connects Bellingham to cities on the East Coast, Gulf Coast and in Mexico, the Bellingham region overall would grow its capacity to compete across the U.S. and internationally, especially in terms of taking up the slack in the event of further problems in the Panama Canal. In this way, the project stands as a **strategic asset**.

Proposed Performance Measures

The Port understands the importance of providing performance measures for all CRISI-funded projects and reporting those back to the Federal Rail Administration. As such, if successfully awarded, the Port is proposing two performance measures:

1. Gross Tonnage
2. Equity in Contracting

Rail Measure	Unit Measured	Temporal	Primary Strategic Goal	Secondary Strategic Goal	Description
Gross Tons	Gross Tons	Annual	Economic Competitiveness	State of Good Repair	The annual gross tonnage of freight shipped by rail into BST. Gross tons include freight cargo minus tare weight of the rail cars.
Equity in Contracting	Count of small businesses contracted	Annual	Economic Competitiveness		Contracting with small and minority business, women-owned enterprises, and labor surplus area firms for the project.

VII: Project Location

Bellingham, WA is situated between two of the biggest economic powerhouses in the Pacific Northwest: Seattle, Washington and Vancouver, British Columbia. With a viable working waterfront and valuable harbor, it is a prime alternative to the congestion many importers and exporters face both to the north and south, especially as it is a designated **Foreign-Trade Zone (FTZ)** making it a strong candidate for moving Canadian-bound cargo through the U.S. market.

Figure 4: Port location in Northwest

The Bellingham Shipping Terminal (BST) is located at 625 Cornwall Avenue in Bellingham in the Waterfront District. The on-dock rail will be located as part of the BST facility, adjacent to the terminal at 629 Cornwall Ave.

This project is adjacent to the Northwest Division, Bellingham subdivision, PA- J- US Can BDR branch of the BNSF main line tracks that transit from Seattle, WA to the Thornton Yard in Vancouver, BC, but the BST facility itself lacks the ability to connect to the Mainline without the five tracks slated to be built. The runaround track will be built between two crossings, MP 96.5 (DOT# 084807R) on the south and MP 96.648 (DOT#084809E) on the north.

Figure 5: Proximity to other ports

Project Coordinates	
Latitude	48.746035
Longitude	-122.488398

The project site is also less than two miles west of exit 233 off Interstate 5. While the City of Bellingham's Comprehensive Plan demonstrates sufficient roadway capacity to accommodate expanded cargo on existing truck routes, this rail connection would be a far superior option.

Because of its location, **BST holds a central role in Washington State disaster response plans as a major distribution site for vital and essential goods**. In the event of a catastrophic event such as a Cascadia Subduction Zone (CSZ) earthquake, an anticipated megathrust seismic event that will devastate the Pacific Northwest, the Marine Highway service will be utilized to serve as an essential lifeline for the carriage of food and fuel. BST is unhindered by obstacles such as bridges and storage tanks; thus making it more likely to be one of the few remaining infrastructure assets available in the aftermath of such an event.

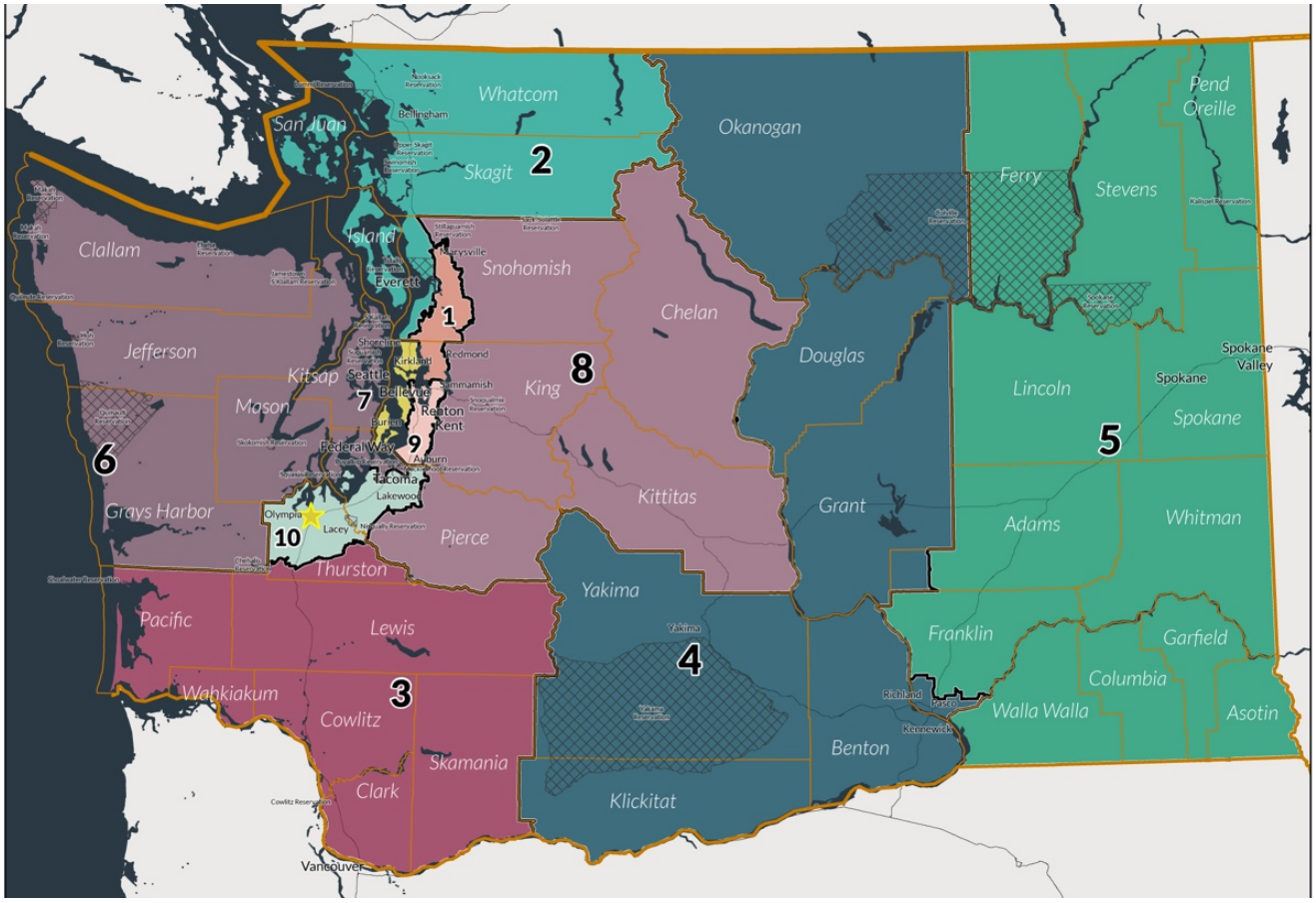


Figure 6: Bellingham lies entirely within Washington's 2nd Congressional District, shown at the top left of map.

VII: Evaluation and Selection Criteria

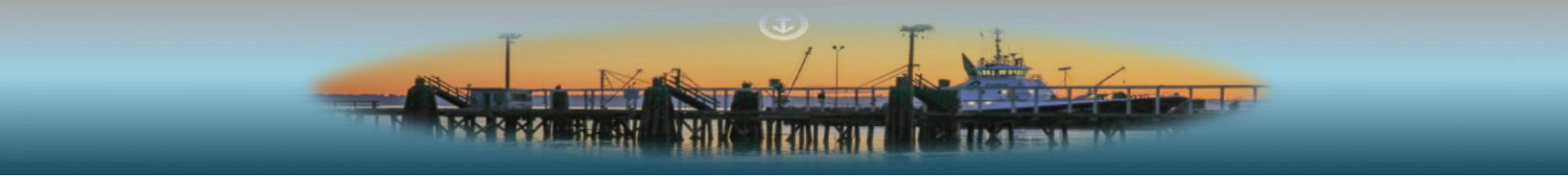
The Rail Connection project will improve road safety, reduce road maintenance costs and reduce emissions by eliminating the need to rely solely on truck transportation to move cargo to inland destinations. The new tracks will enable cargo owners to move cargo efficiently at an economically favorable cost. With the tracks in place, the Port will be able to **capitalize on high-value interest from potential customers, bringing significant opportunities for economic growth in the area from new union jobs to a stronger position for international competition.**

Project Readiness

The Rail Connection project demonstrates readiness in terms of technical capacity and **a proven track record delivering grant-funded projects** as well as community support and expectations for the way the Port will function to drive the waterfront economy. Details about schedule considerations, design status and environmental review are also covered below.

Project Development: Current Design Status

An earlier design concept reached 30% design after the Port worked in close collaboration with BNSF to optimize the rail configuration for maximal benefit targeting containerized business.



The earlier design topped out at just three tracks, but the new five-track design better matches current, expanded interest in the space and better leverages its potential. Redesign efforts are currently underway and are relatively simplistic, with ongoing consultation with BNSF. The Port anticipates reaching 60% design by the end of this year and is currently at 10% in the redesign efforts.

The three-track layout was based on assumptions that BST would be used primarily as a containerized terminal. Current demand allows for the strategic decision to expand capacity beyond containerization, thus calling for more tracks. The updated design uses the same terminal entrance but now include a straighter (less curved) layout than the three-track design and with the same overall length as the previous design.

The Port completed an FRA Categorical Exclusion worksheet (see Attachment 6: *Completed Categorical Exclusion Worksheet)* to inform this grant application. The Draft CE worksheet is based upon what Port staff currently knows about the project and project area. The Port understands that additional detail and project-specific information will be required to complete the worksheet upon award of this grant. It is the Port's opinion that the following exclusion would be applicable to this project:

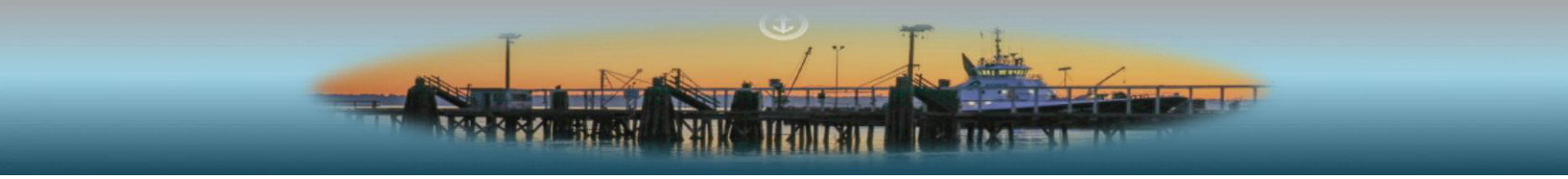
> *"Minor rail line additions including construction of side tracks, passing tracks, crossovers, short connections between existing rail lines, and new tracks within existing rail yards, provided that such additions are consistent with existing zoning, do not involve acquisition of a significant amount of right of way, and do not substantially alter the traffic density characteristics of the existing rail lines or rail facilities."*

Project Planning: Environmental Review

The project is currently in the redesign state, with consultation from BNSF. The prior approved three-track full design from BSNF was designed for containerized business. Given strategic interest from auto, bulk and general cargo customers, and the strategic value of expanding beyond containerization, the five-track redesign was born. It contains the same amount of track length and takes up less terminal space. The cost estimate was prepared in December 2023, by Freeland and Associates, with the details and track approved by BNSF. Port staff updated the Rough Order of Magnitude (ROM) estimate for inflation by one year.

As noted above, it is the Port's opinion that the project will qualify for a CE based on what is currently known. The Port is relying on FRA's online guidance to form this opinion but should a more intensive analysis be required the Port has **augmented the project's schedule by 18 months** to ensure adequate time to complete any environmental analysis while delivering the project on or ahead of schedule.

The Port already has state and local approvals, as well as an Army Corps of Engineering NWP #3 maintenance permit for BST. It recognizes that additional permitting will be required for this project. The Waterfront District Sub-Area Plan FEIS published in 2010, updated in the 2012 Amendment and amended again in 2018, was approved in February 2019 and included BST modernization efforts. Once funds are awarded, the Port will complete all necessary activities to obtain obligation promptly.



Project Planning: Environmental Studies or Other Documents

- New Whatcom Redevelopment Project DEIS, dated January 2008
- New Whatcom Redevelopment Project Supplemental DEIS, dated August 2008
- New Whatcom Redevelopment Project Addendum to DEIS, dated February 2010
- The Waterfront District Redevelopment Project (formerly known as New Whatcom) Final EIS, dated July 2010
- The Waterfront District Redevelopment Project 2012 EIS Addendum, December 2012
- Waterfront District Sub-Area Plan 2019
- Waterfront District Sub-Area Plan FEIS Addendum 2018, dated February 2019
- City of Bellingham 2016 Comprehensive Plan
- Port of Bellingham 2024 Comprehensive Scheme of Harbor Improvements

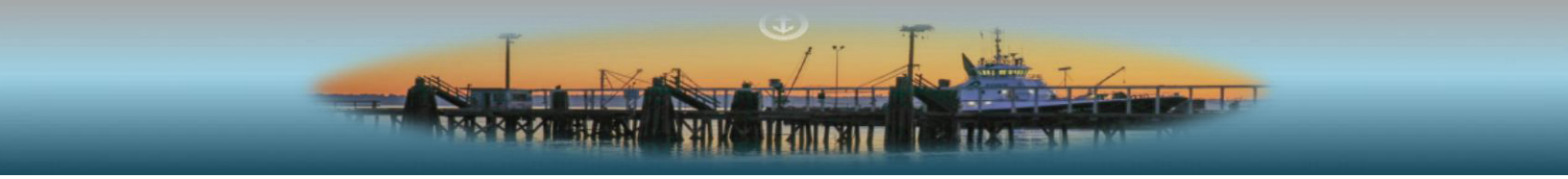
Final Design and Construction

The schedule below shows permitting and review culminating at the end of 2025. The Port anticipates reaching 60% design by the end of this year and is currently at 10% design. Construction would begin during spring 2026 and continue through 2027. By early 2028, the project would be in use and contracts closed out. This schedule assumes an Environmental Assessment (EA) and provides for 18 months to complete that process.

	2023				2024				2025				2026				2027				2028			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
BST Rail Connection Project																								
Property Acquisition																								
Preliminary Engineering 30%,60%																								
Award Announcement																								
Permitting																								
Federal & State Agency Review																								
Obligation																								
Final Engineering																								
Construction																								
Contract Close-Out																								

Figure 7: Project schedule

As this project is part of the overall Whatcom Waterfront Sub-Area Plan (see https://cob.org/wp-content/uploads/waterfront-final-subarea-plan.pdf for details), it is in all parties' best interests to minimize delay as much as possible to fully leverage the overwhelming benefits of the project. The Port's strong working relationship with BNSF and other critical partners – including local union representation – enables timely communication and the ability to move swiftly should unexpected issues arise.



Partner Coordination

BNSF has voiced strong support for this project, as evidenced in their letter of support for this grant which reads, in part:

> *"BNSF values our working relationship with the Port of Bellingham and is prepared to work with all involved public agencies on further development of this project, subject to satisfactory review of final engineering and entering into definitive agreements as may be required by BNSF or other project stakeholders."*

Technical Merit

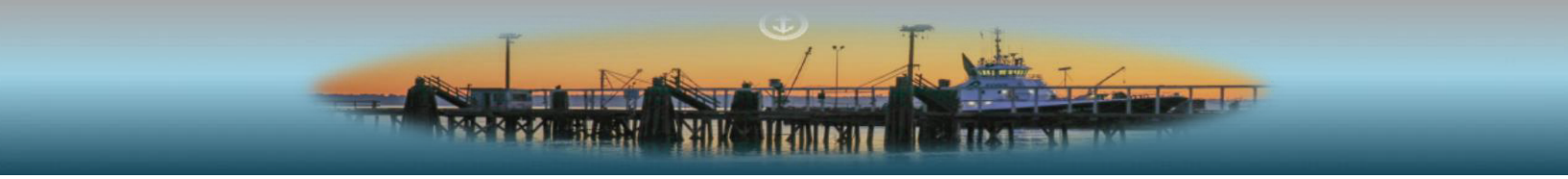
The Port has demonstrated capacity to deliver major modernization projects again and again in the past two decades as it has brought BST back to life after losing its longtime economic driver – Georgia Pacific. From what turned out to be one of the largest cleanup projects in Washington State history to the current MARAD-funded dredging effort, adding the final touches with on-dock rail is certainly **within the competency threshold that the Port is known to deliver**.

The Port is no stranger to administering and implementing federal grants, as well as reaching critical milestones for fund obligation and project delivery. It has delivered results on **more than $78 million in grant money over the past 15 years**. The Port's internal team of expert engineering and environmental staff collaborates with external consulting engineers in preparing project components from bid through construction completion. The Port's engineering and accounting staff has years of experience implementing federal and state grants and delivering projects of similar size, scope and complexity. Their extensive experience makes them fluent and capable when it comes to federal contract and procurement requirements, including Buy America, Americans with Disabilities Act, Davis Bacon Act and so forth.

Risk Mitigation

The Port has considered the project's risk and worked to avoid any significant issues that could prevent a timely delivery. A full risk mitigation matrix is included below.

Potential Risk Area	Risk Type	Current Status/ Proposed Mitigation	Risk Level
Technical Feasibility	Feasibility	Preliminary design developed to 10% conceptual layout. The Port's consulting engineers have spent a great deal of time working with BNSF and assorted customers looking at alternative rail layouts, considering aspects including cost-effective alternatives, life-cycle costs, asset management, and length of asset life.	Low
Design Standards Conformance	Feasibility	Design developed to meet current marine terminal and railroad standards and to address climate change predictions.	Low
Partner Approvals	Schedule	Design developed with significant input from unions that will provide skilled labor once the project is complete, potential customers and BNSF.	Low



Local Jurisdiction Approvals	Schedule	The Port engages in robust collaboration and cooperation with local jurisdictions who are fully informed of the project's goals and status. Per state policy, no additional SEPA reviews are required.	Low
Environmental Approvals	Cost, schedule	The Port anticipates completing an Environmental Assessment. The Port understands that upon award it will work with the assigned federal agency to complete a NEPA analysis and has adequately accounted for this in the project schedule.	Low
Public and Stakeholder Support	Cost, schedule	Extensive public involvement efforts have already occurred as part of the Port's planning and budgeting processes and will continue through project delivery.	Low
ROW	Cost, schedule	No Right of Way acquisition is necessary.	Low
Construction	Cost, schedule	Currently ready to enter final design. To mitigate potential cost risks, conservative prices and quantities have been used in the project budget. A 30% contingency has been included in the total project cost estimate.	Low
Grant Management	Compliance	Grant Management will be administered by the Port of Bellingham's experienced staff. The Port staff is proficient in administering federal and state grants from multiple agencies and will be able to apply these same skills and experience to this grant.	Low
Domestic Preference	Compliance	The Port has discussed the procurement of materials and manufactured products for the project with vendors and other Pacific Northwest ports and is confident that all needed components can be procured domestically in compliance with the Build America Buy America Act (BABAA).	Low

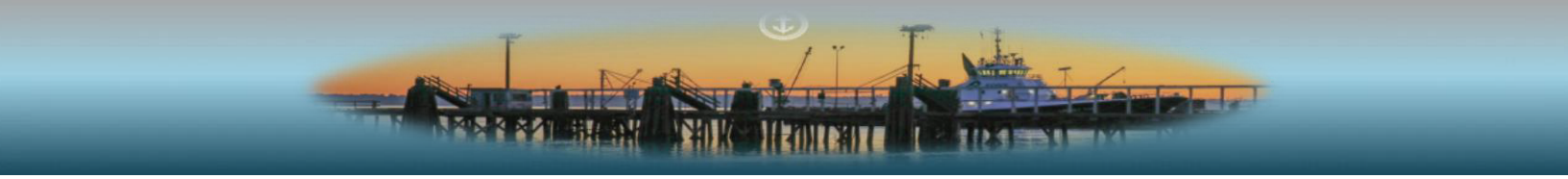
Project Benefits

As mentioned before, the impacts of adding rail connections to this terminal are hard to exaggerate, as evidenced by the **4:1 benefit-cost ratio** (see *BCA* for details). Not only are the environmental and safety benefits significant, but rail is proving to be a game-changer in the Port's ability to attract high-value economic opportunities. These opportunities directly translate into union wages and overall increased quality of life benefits.

Effects on System Performance

Building the project would remove over 30,000 trucks from the local roads and highway over the 20-year analysis post construction. Societal benefits will begin upon project completion in late 2027. The national and regional economic, mobility and safety benefits include:

1. **Economic Competitiveness benefits**, as measured by operating costs saved by shippers using the on-dock rail versus the current truck only route.



2. **Mobility benefits** by reducing net travel time transportation crew/operators.
3. **Safety benefits** by preventing fatalities and injuries with reduced vehicle miles traveled on the roadways.
4. **State of Good Repair** benefits from savings in road maintenance and preservation costs because of reduced vehicle miles on the roadway.
5. **Emission savings** from reduced fuel usage.

This BCA also recognizes life-cycle costs of the project as well as the useful life of the assets of the transportation capital improvements remaining at the end of the 20-year analysis.

Customer Projections for Auto Ships with Vehicles destined to Eastern Canada								20%of Customers Projection		
Year	Vessels per month	auto discharge per month	# trucks at 9 vehicles per Truck/ month	# autoracks (railcars) at 10 vehicles per railcar/ month	Annual Trucks	Annual Railcars	Annual Trains	Annual Trucks	Annual Trains	Annual Trains
2025	1	850	94.4	85	1133.3	1020	10.2	227	204	2.04
2026	2	1700	188.9	170	2266.7	2040	20.4	453	408	4.08
2027	3	2550	283.3	255	3400.0	3060	30.6	680	612	6.12
2028	4	3400	377.8	340	4533.3	4080	40.8	907	816	8.16
2029	5	4250	472.2	425	5666.7	5100	51.0	1133	1020	10.2
2030	6	5100	566.7	510	6800.0	6120	61.2	1360	1224	12.24
2031	7	5950	661.1	595	7933.3	7140	71.4	1587	1428	14.28
2032-2047	7	5950	661.1	595	7933	7140	71.4	1587	1428	14.28

Figure 8: The BCA model uses 20% of the customer's estimated volumes, using rail as soon as the rail connection is available in 2028. The volume ramps up until holding flat from 2032 to the end of the 20-year analysis period in 2047.

Effects on Safety

Safety benefits accrue as cargo shifts from truck to rail not just near the Port but well beyond its boundaries, especially up and down the Interstate 5 corridor. The State of Washington recorded 5,370 traffic-related fatalities in the years 2013 to 2022, 11% (591) of which involved Large Trucks. Over the same period, Whatcom County experienced 13 traffic-related fatalities involving Large Trucks, two of which happened in the City of Bellingham. (Only one of the recent fatalities was located near the Port of Bellingham BST and it was a single car accident, reflecting the safety practices implemented to prevent as much truck-auto conflict as possible.)

Staff estimates show the project removing at least 8,400 trucks from the City of Bellingham, Whatcom County and I-5 near the Port of Bellingham based on autos alone, which are only a fraction of the potential supply chain. Removing heavy cargo from local roads and highways will help achieve the Washington and California goals of Vision Zero, which align with USDOT's National Roadway Safety Strategies (NRSS) and its Safe System Approach to highways. The benefit-cost analysis estimates that over the 20-year period following project completion, at least 80 million vehicle miles will be removed from roads and highways, **saving the public $12 million in potentially avoidable fatalities and an estimated three severe injuries caused by vehicle accidents**.

The Port's on-terminal customer data showed tenants were only unloading one truck at a time to maintain a high degree of safety. But this comes at a steep cost in terms of efficiency and cost effectiveness, and it can complicate safety and efficiency on adjacent city streets when backups happen. Although the trucks follow the local Truck Route designation, traffic in the vicinity of the terminal often slows down due to these vehicles. **On-dock rail would eliminate this trade-off between safety and efficiency, improving both**.

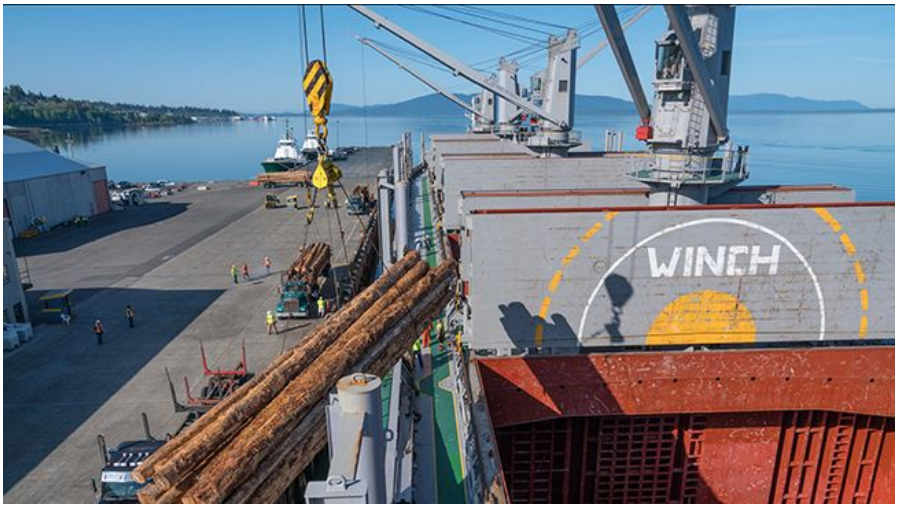


Figure 9: This project facilitates multimodal operations and decreases reliance on truck transportation.

Effects on Competitiveness

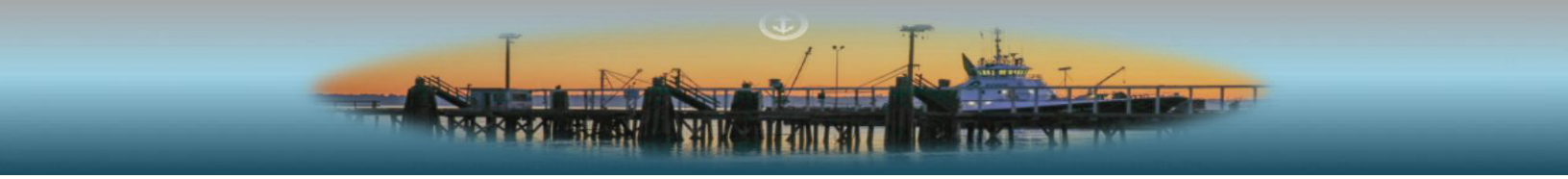
The Port plays a significant role in the regional economy surrounding and beyond Bellingham. It is the largest property owner in Whatcom County, and through its Marine, Aviation and Real Estate divisions, it supports more than 8,780 total jobs, or **approximately 11% of local employment.** These jobs represent $406 million in payroll and $1.4 billion in business revenue and generate **$38 million annually in state and local taxes**. Combined Marine Trade activity (including water-dependent land leases, marine rental revenue and BST income) accounts for approximately half of this economic impact.

The Port is a designated **Foreign-Trade Zone (FTZ)** and a strong candidate for **moving Canadian-bound cargo through the U.S. market**. This project restores rail capacity to one of only 11 deep-water ports in the state of Washington which is among the largest international gateways for marine cargo in the U.S. In 2022, Washington ports handled the import and export of 15.6 billion tons of containerized cargo and 55.5 billion tons of non-containerized cargo worth $36.5 billion.

The ability to transport containers, heavy bulk, neo-bulk and breakbulk cargo by rail through BST will improve and generate new economic vitality for the north sound communities. Without rail, any potential tenants would move cargo by truck, greatly increasing local and regional traffic while degrading area air quality and decreasing the Port's competitiveness due to the cost of trucking versus rail options. Completing the project will facilitate a modal shift for current and future tenants and bring immediate benefits in terms of cost effectiveness and environmental sustainability.

Effects on Reliability

Every shipper seeks as much guaranteed reliability as they can get. Indeed, this is why so many prospects are independently asking the Port about its plans for restoring rail capacity. It's clear that reliability is hampered at more congested ports, particularly in Vancouver, British Columbia,



making the Port of Bellingham a more reliable alternative, *if it can offer the connectivity with rail that the more congested ports enjoy.* The lack of rail on this transformed property is a clear deficiency in its full modernization, but with rail in place, it becomes an international competitor with key advantages in terms of reliability by **connecting Bellingham to 32,500 miles of track in 28 states and three provinces.**

Effects on Resilience

According to the 2019 Regional Resiliency Assessment Program (RRAP) conducted by the Department of Homeland Security, the Port of Bellingham is positioned to play a vital role in the event of a Cascadia Subduction Zone (CSZ) earthquake. Most major bridges leading to Bellingham will be compromised if not collapsed, making maritime transportation a primary access for early emergency response.

The Port is one of six ports in the **Puget Sound Maritime Disaster Resilience Team** collaborating under a Regional Catastrophic Preparedness Grant (RCPG) project. Although rail, too, is likely to be compromised in an event as destructive as a CSZ Earthquake, it would be prioritized for repair ahead of most roadways due to its inherent capacity to move equipment and supplies efficiently. Being able to move cargo quicky from ship or barge directly to rail at BST, as this project would allow, furthers the Port's role in the face of disaster.

In terms of national security, Bellingham's capacity to handle a broad array of cargo makes it a top priority for the region's resiliency. Many ports have shifted to containerization, which does not help with U.S. resiliency and security as much as deep water ports that support general cargo, breakbulk and project cargo. In fact, such capacity is needed. The Rail Connection project makes even more sense when considered in this light.

Efficiencies from Intermodal Integration

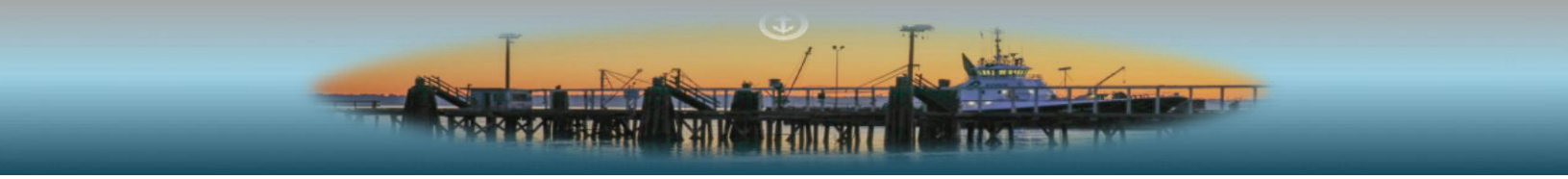
Currently, shippers face a single option for moving cargo off-terminal at BST: *trucks.* Even if they want to move the cargo by rail, they would have to truck it to a location off-terminal first.

Adding on-terminal rail connections changes the equation by allowing shippers to move cargo directly from the ship to rail and onto inland destinations. The gains in intermodal integration are tremendous, as evidenced in the BCA. In fact, intermodal integration is proving to be ***the deciding factor*** for potential tenants like MOL as they consider alternatives to congested terminals north of the border.

Meeting Anticipated Demand

The benefits of completing this project and reestablishing a rail connection to the BST will bring about the type of economic opportunity not seen on Bellingham's waterfront for decades. One of the largest shipping carriers in the world, MOL, has visited the Port of Bellingham on several occasions to talk about importing automobiles bound for the Canadian market. Given the Port's

> *"We are always looking for ports with new business opportunities to load/unload cargo for our customers so that we may provide a more diverse range of ocean transportation services. The Port of Bellingham, due to its geographic uniqueness and proximity to the Canadian border, offers a number of potential opportunities, including transportation advantages from our customers' point of view."*
>
> ***Yasuhiro Suzuka, President***
> ***Mitsui O.S.K. Lines, Ltd***



proximity to the Canadian border, its contrast with the congested Port of Vancouver, British Columbia, and its easy access to BNSF and CPKC (Canadian Pacific Kansas City railroad), Bellingham stands as an ideal solution for all Canadian-bound cargo especially when coupled with its designation as a Foreign-Trade Zone (FTZ). On-dock rail would allow MOL to also do processing in Bellingham, rather than trucking the vehicles elsewhere for processing. Overall, this operation would bring significant benefits to the regional economy and restore the well-paying union jobs that vanished 20 years ago.

Administration Priorities

The Administration priorities of safety, climate change and sustainability, equity and Justice40, and job quality and wealth are core components of this project. Specific aspects related to each priority are reiterated below.

Safety

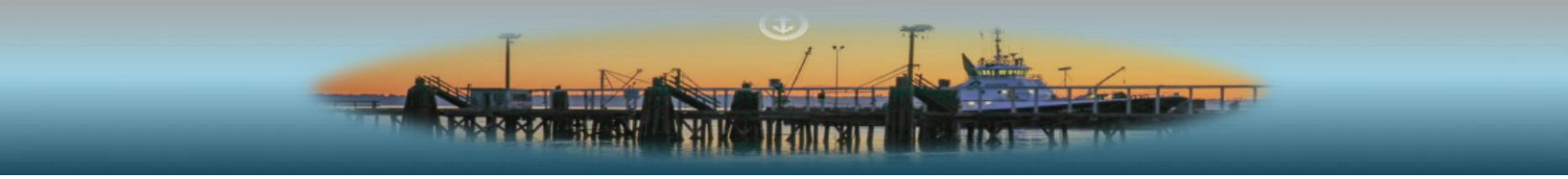
The project's design meets current rail safety standards to bring to life a sound and resilient dedicated rail facility. Once this project is complete, an estimated at least **80 million truck vehicle miles travelled (VMT) can be removed from highways**. This decrease in truck VMT will reduce accidents on both local roads and national highways, contributing to regionwide safety and lessening the wear and tear of shared roadway infrastructure.

As proven at terminals around the world, rail is a safer way to move cargo than trucks. Trucks create more unpredictability on-property, creating worker safety concerns. Once they leave the terminal, trucks can be involved in traffic accidents, and due to their size and weight, passenger vehicles are at a severe disadvantage in an accident with a truck.

Safety benefits accrue as cargo shifts from truck to rail not just near the Port but well beyond its boundaries, especially up and down the Interstate 5 corridor. The State of Washington recorded 5,370 traffic-related fatalities in the years 2013 to 2022, 11% (591) of which involved Large Trucks. Over the same period, Whatcom County experienced 13 traffic-related fatalities involving Large Trucks, two of which happened in the City of Bellingham. (Only one of the recent fatalities was located near the Port of Bellingham BST and it was a single car accident, reflecting the safety practices implemented to prevent as much truck-auto conflict as possible.)

By contrast to trucks, train transport is limited to specific and well-defined corridors and separated from passenger traffic in myriad ways, from controlled crossings to strict scheduling that minimizes modal conflict. As the project advances, the Port will participate in Operation Life Saver Education around the area to help the community understand rail operations and the safety precautions that must be followed to avoid tragic accidents on or near the rail line.

Staff estimates show the project removing at least 8,400 trucks from the City of Bellingham, Whatcom County and I-5 near the Port of Bellingham based on autos alone, which are only a fraction of the potential supply chain. Removing heavy cargo from local roads and highways will help achieve the Washington and California goals of Vision Zero, which align with USDOT's National Roadway Safety Strategies (NRSS) and its Safe System Approach to highways. The benefit-cost analysis estimates that over the 20-year period following project completion, at least 80 million vehicle miles will be removed from roads and highways, **saving the public $12**



million in potentially avoidable fatalities and an estimated three severe injuries caused by vehicle accidents.

The Port's on-terminal customer data showed tenants were only unloading one truck at a time to maintain a high degree of safety. But this comes at a steep cost in terms of efficiency and cost effectiveness, and it can complicate safety and efficiency on adjacent city streets when backups happen. Although the trucks follow the local Truck Route designation, traffic in the vicinity of the terminal often slows down due to these vehicles. On-dock rail would eliminate this trade-off between safety and efficiency, improving both.

Climate Change and Sustainability

Removing at least 30,000 trucks from the road will bring significant reductions in greenhouse gas emissions. When it comes to efficiency, rail cars outperform individual trucks on just about every metric. According to the Intergovernmental Panel on Climate Change's 2014 Assessment Report Chapter 8, CO_2 emissions from rail are approximately 34% that of those for large Heavy-Duty Vehicles (HDVs, e.g., semi-trucks) for the same weight of freight and distance traveled.

A train can carry the cargo equivalent to 58 large semi-trucks:

- Rail cars for autos vary between 87 and 89 feet with 10 autos per rail car. Each auto rail car is equivalent to 1.11 trucks (nine autos per truck), making rail a more efficient and effective way to move autos from the ship to their ultimate destination.

- And rail cars for bulk cargo vary between 57 and 71 feet with 4,700 to 6,560 cubic feet of cargo. Each bulk rail car is equivalent to 1.17 to 1.64 trucks (4,000 cubic feet per truck), again making rail a much more efficient and effective way to move a variety of commodities to their final destinations.

This project aligns with the State of Washington's Transportation Carbon Reduction Strategy (TCRS) which describes the policies and strategies being implemented across the state to reduce transportation greenhouse gas (GHG) emissions. It also fulfills the vision of the U.S. National Blueprint for Transportation Decarbonization by prioritizing shipping with rail. The Port is also a new participant in **Green Marine**, the leading voluntary environmental certification program for North America's maritime industry. To achieve Green Marine certification, the Port will assess its environmental performance through indicators that address such issues as greenhouse gases, underwater noise, spill prevention, community impacts, community relations, waste management and environmental leadership. Building rail to serve BST is essential to sustaining certification.

Building a rail facility will reduce transportation-related air pollution and greenhouse gas emissions in and around the community as a whole and especially in the adjacent to the Port, which is a recognized **Area of Persistent Poverty (APP) and a Historically Disadvantaged Community (HDC).** Reducing greenhouse gas emissions produced by both long- and short-distance (on terminal) trucks is important in reducing the harmful effects of air pollution, such as childhood asthma, especially among the Port's immediate neighbors as the Waterfront District matures into the mixed-use area it is slated to be.

Last year (2023), the Port adopted its Comprehensive Climate Action Strategy which sets benchmarks that meet or exceed the goals set by all jurisdictions in which the port sits (state, county, city). Without the rail connection in place, the community will sacrifice economic opportunity to reach the benchmarks and face growing income disparities which have been shown to undermine climate strategies over the long-term.

The Port is now receiving 100% renewable energy for its Bellingham operations as part of Puget Sound Energy's (PSE) Green Direct program. This transition is anticipated to reduce greenhouse gas emissions by approximately 86% annually. Slight electricity cost savings are anticipated for the Port due to its 18-year commitment to Green Direct.

In addition, the Port plans to use **lower carbon pavement and construction materials** in building the project. Beyond this project, the port is retrofitting cargo handling equipment at BST with electric engines, thereby reducing fossil fuels used by heavy equipment used for cargo handling.

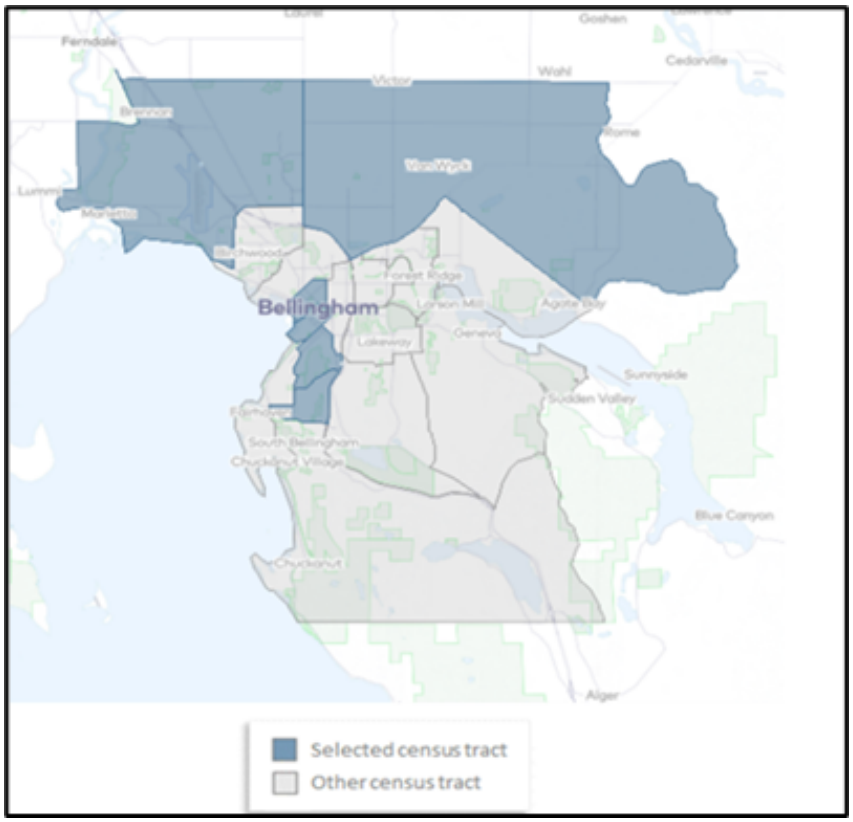
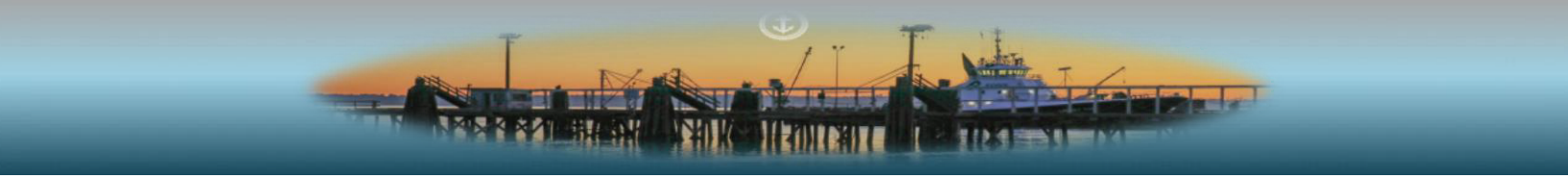


Figure 10: Census tracts near and surrounding the project.

Equity and Justice40

This project proactively addresses equity by reducing truck traffic through heavily populated and disadvantaged residential neighborhoods near industrial areas such as Bakerview Estates in Bellingham. This will improve the air quality and reduce congestion. Less truck traffic will make the streets safer for pedestrians and cyclists, encouraging more active transportation options, especially for those who are unable to afford a car. Improving air quality and reducing vehicle congestion will improve the public health of the residents near and surrounding the terminal.

The map in Figure 10 shows that **six out of 17 census tracts in the Bellingham area are considered populations at risk** when compared to the community and U.S. averages. The tracts indicated in Blue, represent areas where 27% of the families are in poverty, 66% live in rentals compared to a U.S. average of 36%, and 15% of the residents do not have access to a car, which is 55% higher than the U.S. average. Within Tract 6, Poverty is 36% (116% above the U.S. average), Rentals represent 95% which is over 90% above the U.S. average, and 34% do not have access to a car (119% above the U.S. average). By working with local Economic Development Agencies, the Port is leveraging



the project to create opportunities for the underserved residents in surrounding tracts so they can participate in the increased economic activity that will be generated as new leases are signed.

Job Quality and Wealth Creation

The long-term story of the Bellingham waterfront is one of prosperity turned to dust when the major economic players in the region went away. Every effort has been made in the decades since to restore economic activity at the Port and along the Bay. On-dock rail is the final missing piece to make it all a reality.

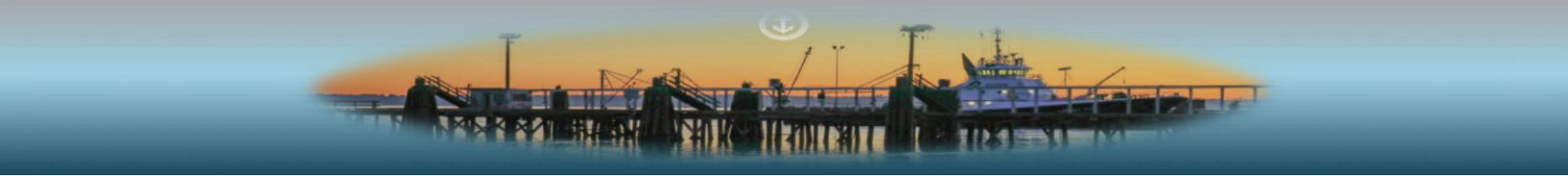
Should rail be built, MOL is likely to sign a long-term lease, and if it discharged between 1,000 and 1,500 autos per voyage, the Port would see three to four vessels per month (36 to 48 vessels per year) from auto cargo alone. The work would bring more union workers (longshore workers) to BST, sustaining **annual wages between $691,200 and $921,600** and reducing their need to rely on long commutes to ports both north and south of town, improving their quality of life, reducing emissions and strengthening community ties. The processing facility employing the 30 Teamsters would generate locally **another $400,000 in wages** between workers, management and support staff. And as more workers come and go from BST, businesses all across the region stand to benefit from the economic activity they produce.

VIII: Project Implementation and Management

As a public port authority, the Port of Bellingham will ensure the project meets all county, state and federal requirements. The project will be managed utilizing public procurement standards that comply with all applicable laws. Any identified risks will be mitigated prior to and during construction. The project's ongoing development is being handled internally by the Port with the assistance of consultants who have extensive engineering experience. The project's cost estimates rely on conservative prices and quantities and include a 30% contingency. The Port has an established reputation as a responsible and effective steward of public funds through the successful completion of prior publicly-funded projects including a $32 million contamination cleanup at BST.

The Port understands its obligation to cover future life-cycle costs related to the project's construction. The Port has the capacity to manage a federal grant of the size requested with rigid internal processes and controls. The Port complies with audit requirements performed under and pursuant to the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards found in 2 CRF Part 200, as well as other applicable federal regulations and requirements. Project reporting and audit requirements will be the responsibility of the Port as the grantee.

The Port currently maintains approximately 1,367,900 square feet of office, commercial and industrial building space supporting 241 businesses. The Port's diverse facilities include the Bellingham Cruise Terminal (BCT), which is a 400-foot berth that provides the southern connection for the Alaska Marine Highway System; the Bellingham International Airport, which provides commercial air service to Whatcom County; and the Bellingham Shipping Terminal (BST) which this rail connection project will support. The port maintains all of these facilities with dedicated funding streams.



While the Port does not currently operate any rail facilities, it fully anticipates the new rail connection will have a useful life expectancy of 80 years, which is typical of rail infrastructure. To prepare for rail infrastructure, the Port will update its financial policies and assess charging a per-car rail fee to offset maintenance costs. To maximize the useful life of the project, the Port will perform ongoing maintenance of the track bed and roadway sections, including replacement of ballast and trackwork components and roadway grading and repair, subject to standard industrial use. The Port will be the sole entity responsible for maintenance of the project.

Employing Small Businesses

The Port is working with local Economic Development Agencies to utilize Minority Business Enterprises, Minority Owned Businesses, Women Owned Businesses, and Veteran Owned Businesses to implement and operate this project and leverage the opportunities that come from the increased economic activity at BST. During construction, minority participation goals will be included in the bid documents and track underserved participation in the implementation and operations of the project. The Port has an Equity in Vendor procurement strategy that assures:

- Equitable procurement and purchasing guidelines
- Port is OMWB compliant in the process (Office of Minority and Woman Owned Business)
- Port is Washington State DOT approved Title VI Plan

Experience Overseeing Similar Projects

The Port has demonstrated capacity to deliver major modernization projects again and again in the past two decades as it has brought BST back to life after losing its longtime economic driver – Georgia Pacific. From what turned out to be one of the largest cleanup projects in Washington State history to the current MARAD-funded dredging effort, adding the final touches with on-dock rail is certainly within the competency threshold that the Port is known to deliver.

The Port is no stranger to administering and implementing federal grants, as well as reaching critical milestones for fund obligation and project delivery. It has delivered results on **more than $78 million in grant money over the past 15 years**. The Port's internal team of expert engineering and environmental staff collaborates with external consulting engineers in preparing project components from bid through construction completion. The Port's engineering and accounting staff has years of experience implementing federal and state grants and delivering projects of similar size, scope and complexity. Their extensive experience makes them fluent and capable when it comes to federal contract and procurement requirements, including Buy America, Americans with Disabilities Act, Davis Bacon Act and so forth.

The Port looks forward to continuing conversations about how to fund the return of rail to its economically powerful property at BST. With FRA's support, it is prepared to leverage this generational opportunity to maximize years of work and investments and bring back well-paying waterfront jobs to the northern shores of Washington's Puget Sound.