

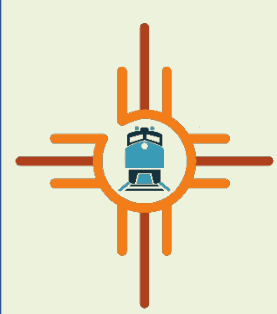
Freight Rail Line Feasibility Study San Juan County, New Mexico

“Opening the doors of economic opportunity”



4 Corners Freight

Feasibility Study



ABOUT THE PROJECT

The new connection to the BNSF freight rail network will improve the efficiency of the overall freight transportation system in the Four Corners region. It will also expand economic opportunities for the region, including the Navajo Nation. By adding this connection to the existing BNSF freight network, the area will become an attractive resource for businesses considering locating to or expanding in the Four Corners Region. It would help make the region more competitive by decreasing shipping costs.



Why is this Project so important to our Region and State?

- **Navajo Nation Pre-Covid Demographics**
 - Poverty is 4 times the national mean.
 - Median Household income of \$20,000, National Poverty Level is \$27,500.
 - Per capita income of \$7,269.
 - More than 75% of Navajo Children live in poverty.
 - Unemployment rate 70%.
- Within the next 15 years, 10 industrial complexes in the Four Corners Region, and in close proximity to the Navajo Nation, are set to close.
- If you factor a conservative direct and indirect job loss of about 1,000 lost jobs per complex, that is a loss of 10,000 high paying jobs that, in Navajo culture, help support extended families of 15+ people.
- As the next slide indicates, revenues from the Navajo Mine and Four Corners Power Plant alone comprise 40% of the Navajo Nation's General Fund.



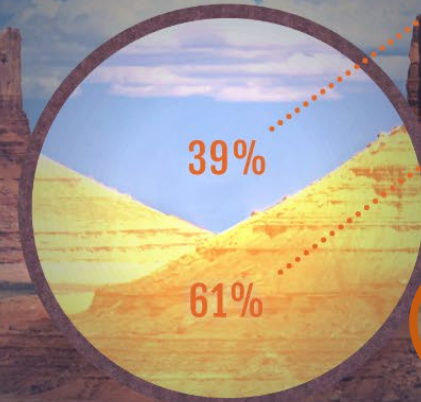
In an area of extremely high systemic poverty the consequences for the families in this region will be devastating.

Statistics From the Navajo Transitional Energy Company (NTEC)

ECONOMIC CONTRIBUTION TO THE NAVAJO NATION

NTEC has continued to grow its total economic and financial contribution to the Navajo Nation. As detailed below, NTEC's total economic contribution to the Navajo Nation in 2021 exceeded \$124 million. This annual contribution is comprised of the taxes and royalties paid by NTEC and the Navajo Mine as well as the overall payroll to employees on the Nation, contracts with qualified Navajo contractors, and charitable contributions.

NAVAJO NATION GENERAL FUND



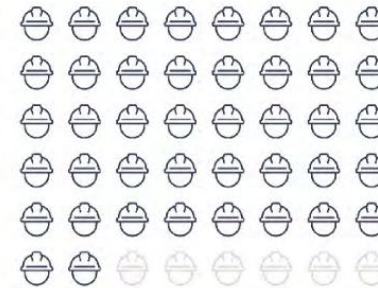
NTEC & FCPP: \$62,212,000

OTHER: \$96,051,000

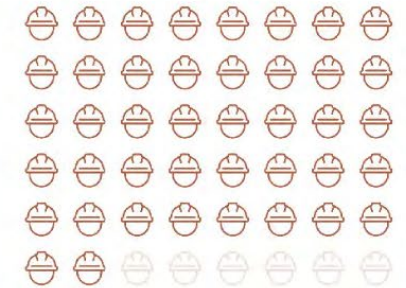
The Navajo Mine and Four Corners Power Plant contributed more than \$62 million this year to the Navajo Nation General Fund, comprising nearly 40 percent of the Fund's \$158 million budget.

SUPPORT	TOTAL NTEC AMOUNT*	NAVAJO MINE	FOUR CORNERS POWER PLANT
Taxes & Royalties	\$49,181,000	\$48,200,000	\$14,012,000
Employment Wages	\$58,445,000	\$55,444,000	\$42,871,000
Navajo Vendors	\$8,019,000	\$5,124,000	\$41,354,000
Navajo Sales Tax	\$4,721,000		
Helium Taxes & Royalties	\$1,000,000		
Community Benefit Fund	\$250,000		
Scholarships, Education & Other Community Giving	\$192,000		
CHRP	\$2,500,000		
TOTAL	\$124,308,000		

NATION MEMBER EMPLOYEES BY SITE



318 OF 370



230 OF 268

A combined 86% of employees at Navajo Mine (left) and Four Corners Power Plant (right) are members of the Navajo Nation.

*Total NTEC amount includes value of NTEC's seven-percent ownership of FCPP.

This Project is Critical to the Families of the Four Corners Region

- As the map indicates, the Four Corners Region has a literal void of commercial transportation.
- Without access to commercial transportation, not only does it cost more to ship goods and provide services to the area, it makes it less cost-effective for businesses to ship goods out of the area. This creates a barrier to economic development.
- One of the largest Metropolitan Statistical Area (MSA) nationwide with **NO** freight rail line.
- The only MSA in the state without freight rail line, interstate and commercial air.
- Access to freight rail is imperative to be able to meet the challenge of plant closures and diversify the region's economy.

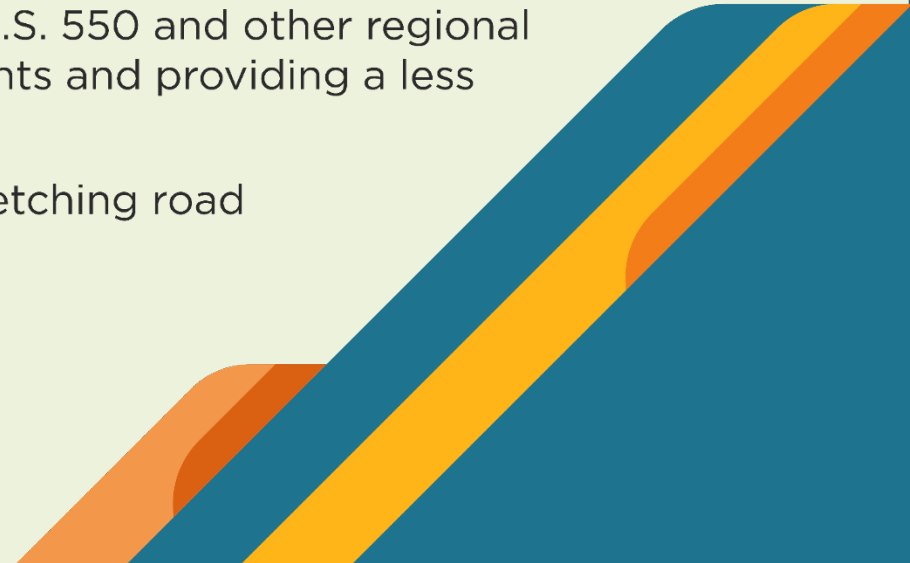


Project Benefits

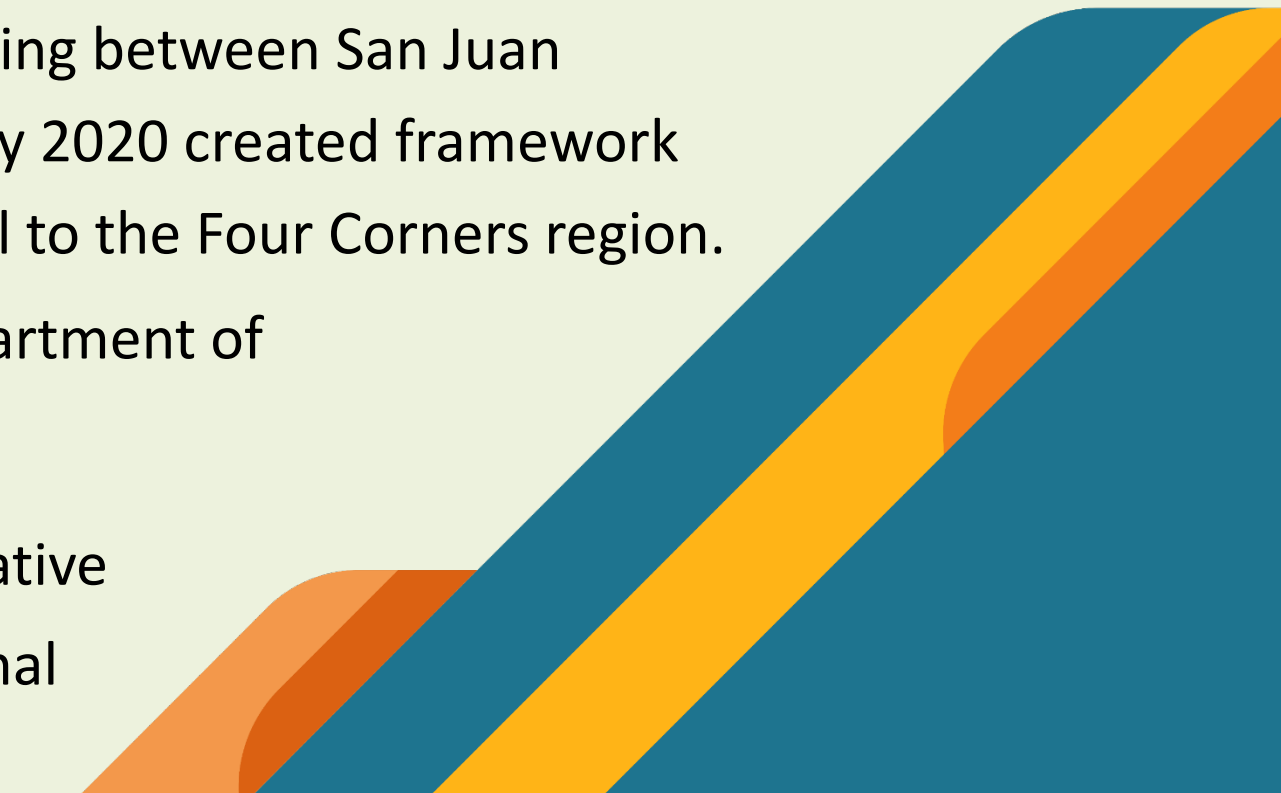
The new connection to the BNSF freight rail network, one of the largest freight railroads in North America, will improve the efficiency of the overall freight transportation system in the Four Corners region. It will also expand economic opportunities for the region, including the Navajo Nation.

- The project will provide an attractive resource for businesses considering locating to or expanding in the Four Corners region.
- A freight rail connection to the Four Corners region would reduce the cost of shipping goods to and from the Four Corners region. The project supports the efficient movement of freight and people by making connections to the existing BNSF freight network. It also makes the region competitive by decreasing shipping costs.
- The project will reduce the amount of freight traffic on U.S. 491, U.S. 550 and other regional collector and local roads thus decreasing the potential for accidents and providing a less congested and safer transportation system.
- Reduction of truck traffic on these roads furthers the goals of stretching road construction and maintenance expenditures.
- Moving freight by rail rather than trucks reduces greenhouse gas emissions by 75%.

4CornersFreightRail.com



Project Breakthroughs

- Rail feasibility studied multiple times over the past 50 years- the project never moved forward due to lack of key partnerships and funding, which are now in place.
 - Historic memorandum of understanding between San Juan County and Navajo Nation in February 2020 created framework for collective cooperation to bring rail to the Four Corners region.
 - Project funded via \$2 million US Department of Transportation “BUILD” grant.
 - Support from San Juan County Legislative Delegation, Four Corners Congressional Delegation and the NMDOT.
- 

Navajo Nation Involvement

- In February of 2020, San Juan County and the Navajo Nation signed a Memorandum of Understanding.
- The MOU established a framework for cooperation for future railway, community, and business development in the Four Corners region.



Funding Source: U.S. DoT's BUILD Transportation Grant

United States Department of Transportation Better Utilizing Investments to Leverage Development Transportation Grant

The FY 2019 BUILD program will give special consideration to projects which emphasize improved access to reliable, safe, and affordable transportation for communities in rural areas, such as projects that improve infrastructure condition, address public health and safety, promote regional connectivity or facilitate economic growth or competitiveness





Grant Award

San Juan County was awarded a BUILD Grant to support a pre-NEPA project development and alternatives analysis study for a proposed new rail line between San Juan County and the Burlington Northern Santa Fe (BNSF) national freight network along the Interstate 40 corridor.

The project will involve connecting the BNSF rail line near Gallup, New Mexico.



Request For Proposal: Issued by San Juan County, New Mexico

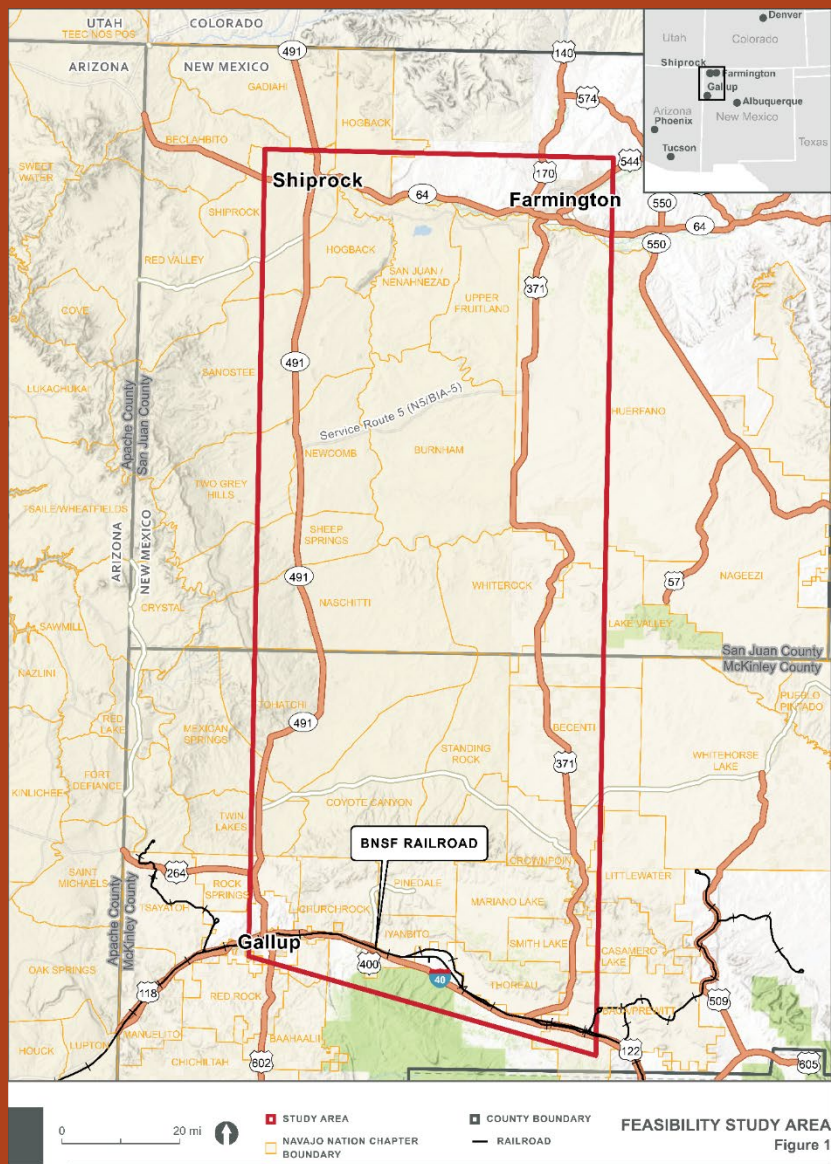
- Evaluation and identification of potential route alignments, transloading facilities and necessary rights-of-way
- Integration of railroad project development and the Federal environmental process
- Public involvement and agency coordination
- Freight forecasting and benefit cost analysis
- Railroad operations and simulation, per Federal Railroad Administration requirements
- Contract awarded to HDR Engineering, Inc., Omaha, NE

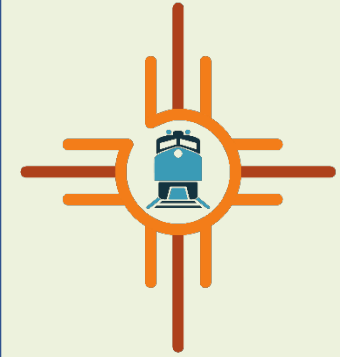
PROJECT OVERVIEW

Despite 140,000 route miles, the U.S. freight rail network does not currently serve San Juan County, the Navajo Nation or the greater Four Corners region. This proposed project would see construction of a rail spur and related facilities along U.S. 491/U.S. 371 through the Navajo Nation connecting the I-40 corridor freight rail system operated by Burlington Northern Santa Fe (BNSF) comprising approximately 100 miles.

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This study will develop activities and alternatives for a proposed new rail line between San Juan County near Shiprock with a connection to the BNSF Railway near Gallup.





WHY FREIGHT RAIL?

- About 40% of U.S. freight is shipped by railway, more than any other mode of transportation¹
- Rail accounts for only 2.1% of total U.S. greenhouse gas emissions². In contrast, idling trucks contribute approximately 20% of annual U.S. carbon emissions.
- Railroads are the most fuel-efficient way to move freight over land, moving an average of one ton of freight more than 480 miles per gallon
- On average, railroads are three to four times more fuel-efficient than trucks. A single freight train can carry the freight of several hundred trucks³
- Moving freight by rail rather than trucks lowers greenhouse gas emissions by up to 75%
- If 50% of truck traffic moving at least 750 miles went by rail instead, GHGs would fall by ~26.2 million tons

¹- FHWA, Freight Analysis Framework, Version 4.5.1, ²- U.S. EPA data, ³- Texas Highway Transportation Institute's 2019 Urban Mobility Report

Source- Association of American Railroads

WHAT IS A FEASIBILITY STUDY?



During the feasibility study, the project team will identify and evaluate potential route alignments, transloading facilities and rights-of-way. Environmental impacts will be studied, as well the integration of railroad project development.



Detailed Work Plan Tasks

- TASK 1: Detailed Project Work Plan, Budget and Schedule
- TASK 2: Preliminary Purpose & Need and Public Involvement/Agency Coordination Plan
 - SUBTASK 2.1: Preliminary Purpose & Need Statement
 - SUBTASK 2.2: Public Involvement/Agency Coordination and Communication Plan
 - SUBTASK 2.3: Freight Demand Forecast
- TASK 3: Alternatives Analysis
 - SUBTASK 3.1: Route Options Analysis
 - SUBTASK 3.2: Investment Options Analysis
 - SUBTASK 3.3: Design Options Analysis
- TASK 4: Project Development
 - SUBTASK 4.1: Specification of Detailed Operation Requirements and Data Collection
 - SUBTASK 4.2: Operations Analysis
 - SUBTASK 4.3: Support Facilities and Access Analysis
 - SUBTASK 4.4: Conceptual and Early Preliminary Engineering
 - SUBTASK 4.5: Capital Cost Estimation
 - SUBTASK 4.6: Operations & Maintenance Cost Estimation
- TASK 5: Environmental Analysis
- TASK 6: Economic Feasibility Analysis

Federal Railroad Administration's Process



May
2022

Detailed Project Work Plan, Budget and Schedule

Preliminary Purpose & Need and Public Involvement/ Agency Coordination Plan

- Preliminary Purpose & Need Statement
- Public Involvement/ Agency Coordination Plan
- Freight Demand Forecast

Alternatives Analysis

- Route Options Analysis
- Investment Options Analysis
- Design Options Analysis

Project Development

- Specification of Detailed Operation Requirements and Data Collection
- Operations Analysis
- Support Facilities and Access Analysis
- Conceptual and Early Preliminary Engineering
- Capital Cost Estimation
- Operations & Maintenance Cost Estimation

June 2023

Environmental Analysis

Complete:
October
2024

Economic Feasibility Analysis



Public Involvement/ Agency Coordination

- Subcontract with Al Henderson, AHEC and Tom Chee, Consultant
- Identify 32 chapters that will likely be impacted by the project and obtain resolutions
- Contact each chapter for a consultation
- Conduct a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis
- Present to Navajo Nation elected leaders, NNC committees, departments, agencies and other interested parties

Four Corners Freight Rail Feasibility Study

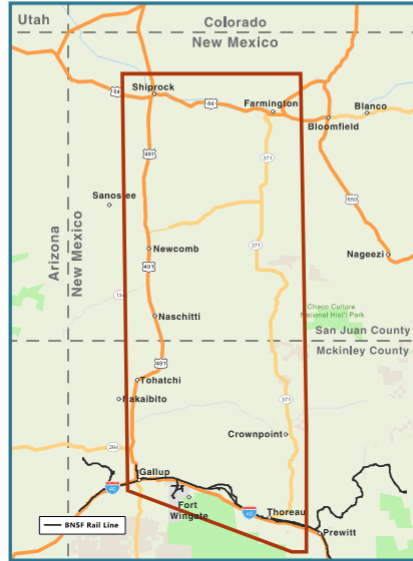


YOU'RE INVITED!

Public Information Meetings on the Four Corners Feasibility Study – September 13-14, 2022

San Juan County, the Navajo Nation, and the Federal Railroad Administration are studying the economic feasibility of freight rail service to the Four Corners region. The addition of this service would not only add freight rail to the region but could also potentially reduce commercial traffic, decrease the potential for traffic accidents, and open up the doors of economic opportunity to the region.

The Four Corners Freight Rail Study Team will be holding Public Information meetings to introduce the study to the community and share information on what the project benefits are, the funding and the study timeline.



Public Information Meetings
Tuesday, September 13, 4-7 p.m.
Phil L. Thomas Performing Arts Center
US Highway 64
Shiprock, NM 87420

Wednesday, September 14, 4-7 p.m.
Farmington Civic Center
200 W. Arrington St.
Farmington, NM 87401

Persons with disabilities should contact Mike Stark at (505) 334-4271 to arrange for assistance. Individuals who require auxiliary aids or a translator for non-English speaking residents for this meeting should contact San Juan County at least two days before the meeting so that appropriate arrangements can be made.

Learn more at: www.4cornersfreightrail.com

Initial Public Information Meetings

- Two Public Information Meetings Held in September of 2022.
 - Sept 13th in Shiprock
 - Sept 14th Farmington
- Meetings were to inform the public about the project.
- Received initial feedback from public in attendance.

Tell us what you think & stay connected

- Take a moment to share your thoughts
- Sign up to receive study updates



Fill out a comment card, or just leave us your email address. We'll add you to our contact list and ensure you get the latest updates and information about the Four Corners Freight Rail Line Feasibility Study.

Visit the website: **4CornersFreightRail.com**



info@4cornersfreightrail.com

Questions?



4 Corners Freight

Feasibility Study