

**FINDING OF NO SIGNIFICANT IMPACT
and
SECTION 4(f) EVALUATION**

Downtown Sioux Falls Rail Yard Redevelopment Project

Project Number: EM-1225(02), PCN 00UH, CIP 452099
City of Sioux Falls, Minnehaha County, South Dakota

September 2013

Submitted Pursuant to 42 USC 4332 (2) (c) and 49 USC 303

By

the U.S. Department of Transportation - Federal Highway Administration (FHWA),
South Dakota Department of Transportation (SDDOT),
and City of Sioux Falls

9/26/2013

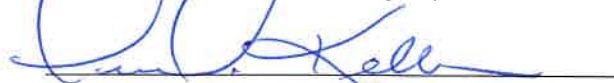
Date of Approval



Marion Barber, for the Federal Highway Administration

9-26-2013

Date of Approval



Terrence Keller, for the South Dakota Department of Transportation

Table of Contents

I. Introduction 1
II. Project Background..... 1
 A. Purpose and Need 2
 B. Alternatives Considered 2
III. Selected Alternative 5
IV. Public Involvement..... 9
 A. Agency Coordination 9
 B. Public Participation 10
V. Section 4(f) 10
VI. Mitigation/Commitments 10
VII. FHWA Decision 14

Exhibits

Exhibit 1 - Proposed E&E Interchange 3
Exhibit 2 - Proposed Land Purchase 4
Exhibit 3 - Generalized Study Areas..... 6
Exhibit 4 - Project Impacts 8
Exhibit 5 - Mitigations and Commitments 11
Exhibit 6 - Anticipated Permits 13

Appendices

Appendix A - Summary of comments received at the August 14, 2013 Public Meeting and during the 45-day public comment period

Additional Project Reports are available on the City of Sioux Falls website at <http://www.siouxfalls.org/railroad>

**Federal Highway Administration
Finding of No Significant Impact (FONSI)**

**Downtown Sioux Falls Rail Yard Redevelopment Project
City of Sioux Falls, Minnehaha County, South Dakota**

I. Introduction

The Federal Highway Administration (FHWA) has determined, in accordance with 23 CFR § 771.119 and § 771.121, that the Downtown Sioux Falls Rail Yard Redevelopment Project (the Project) will not have a significant impact on the human or natural environment. This Finding of No Significant Impact (FONSI) for the Direct Land Sale, Interchange Sidings, and Modification of Railroad Operations Alternative (Selected Alternative) is based on the Draft Environmental Assessment and Section 4(f) Evaluation (EA), which was approved by FHWA on July 18, 2013, and made available to stakeholders, including agencies and the public for a 45-day public comment period. A Public Meeting was held on August 14, 2013 to discuss the Draft EA and provide the public an opportunity to comment on the project.

A summary of agency comments and public comments received during the comment period is included in this FONSI. No significant agency or public comments were received that necessitate revisions to the document; therefore, the document will not be republished. By reference, this FONSI adopts the "Draft Environmental Assessment and Section 4(f) Evaluation" as the "Final Environmental Assessment and Section 4(f) Evaluation" in its entirety, and has determined the "Proposed Alternative" to be the "Selected Alternative."

This EA has been independently evaluated by FHWA, who has determined that it accurately discuss the need, purpose, alternatives, environmental issues, and impacts of the Project and appropriate mitigation measures. The EA and referenced reports provide sufficient evidence for determining that an Environmental Impact Statement (EIS) is not required. The EA and supporting documents are incorporated by reference into this decisional document. Referenced materials are available on the City of Sioux Falls project website at <http://www.siouxfalls.org/railroad>.

The Project was developed in accordance with the National Environmental Policy Act (NEPA) of 1969, Council of Environmental Quality (CEQ) Regulations for Implementing the Procedural Provisions of the NEPA (40 CFR 1500-1508), FHWA Environmental Impact and Related Procedures (23 CFR Part 771), and other related federal and state requirements including 36 CFR Part 800.

II. Project Background

The existing Downtown BNSF Rail Yard occupies a location that is central to the redevelopment of downtown Sioux Falls, and hinders opportunities for increased economic activity and reducing potential investment in the area. Removing or relocating the Downtown Yard, or constructing new infrastructure improvements to maintain or improve railroad operations, would open the area to redevelopment opportunities. Furthermore, removing the rail yard and

constructing infrastructure improvements to maintain railroad operations would fulfill the legislative intent of funds approved by Congress in SAFETEA-LU, which provides for implementation of Phases II and III of the Conceptual Phasing Plan. Proposed solutions must also be consistent with BNSF's operational requirements, allowing them to maintain or improve rail service within Sioux Falls and the region.

Specifically, these improvements must allow BNSF to continue to switch regional trains and engines, allow BNSF and the E&E to interchange rail cars, provide a connection between the three subdivisions, and maintain local service to businesses throughout Sioux Falls, all while meeting current railroad safety standards, engineering criteria, and operational and maintenance requirements. The location for the proposed railroad interchange would be north of Rice Street and west of Timberline Avenue at Study Area 1 (**Exhibit 1**). The construction of the interchange would allow the east grouping of tracks in downtown (Study Area 2) that cross 6th Street (i.e. four tracks) and 8th Street (i.e. five tracks) to be removed. The southern connection between Ellis and Eastern (E&E) and Burlington Northern and Santa Fe Railway (BNSF) tracks would be realigned from the southwest corner of the existing yard to the mainline tracks on the east side of the yard (**Exhibit 2**).

A. Project Purpose and Need

The needs for the project, identified in Section 1.3 of the EA, are based on the following factors:

- 1) Provide opportunities for economic development in downtown Sioux Falls
- 2) Fulfill legislative intent
- 3) Maintain acceptable railroad operations

The purpose of the project is to make the Downtown Yard land available for economic development purposes by removing the yard tracks, while maintaining BNSF's railroad operations, meeting applicable railroad design criteria and safety standards, and being feasible from an engineering and logistics standpoint.

B. Alternatives Considered

For this project, several preliminary concepts were developed during the preparation of three reports in 2001 and 2002 by TKDA. These reports focused on the construction of a new Wye track and bridge over the Big Sioux River, removal or re-configuration of the Downtown Yard, and construction of a new yard near Timberline Avenue and Rice Street. At that time, the City was unsure of the ultimate funding source, and a lead agency had not been identified. Once the funding was secured in 2005, and FHWA was determined as the lead agency, it was decided that the project would proceed as an EA because the extent and significance of the social, economic, and environmental impacts were unknown.

Exhibit 1: Proposed E&E Interchange

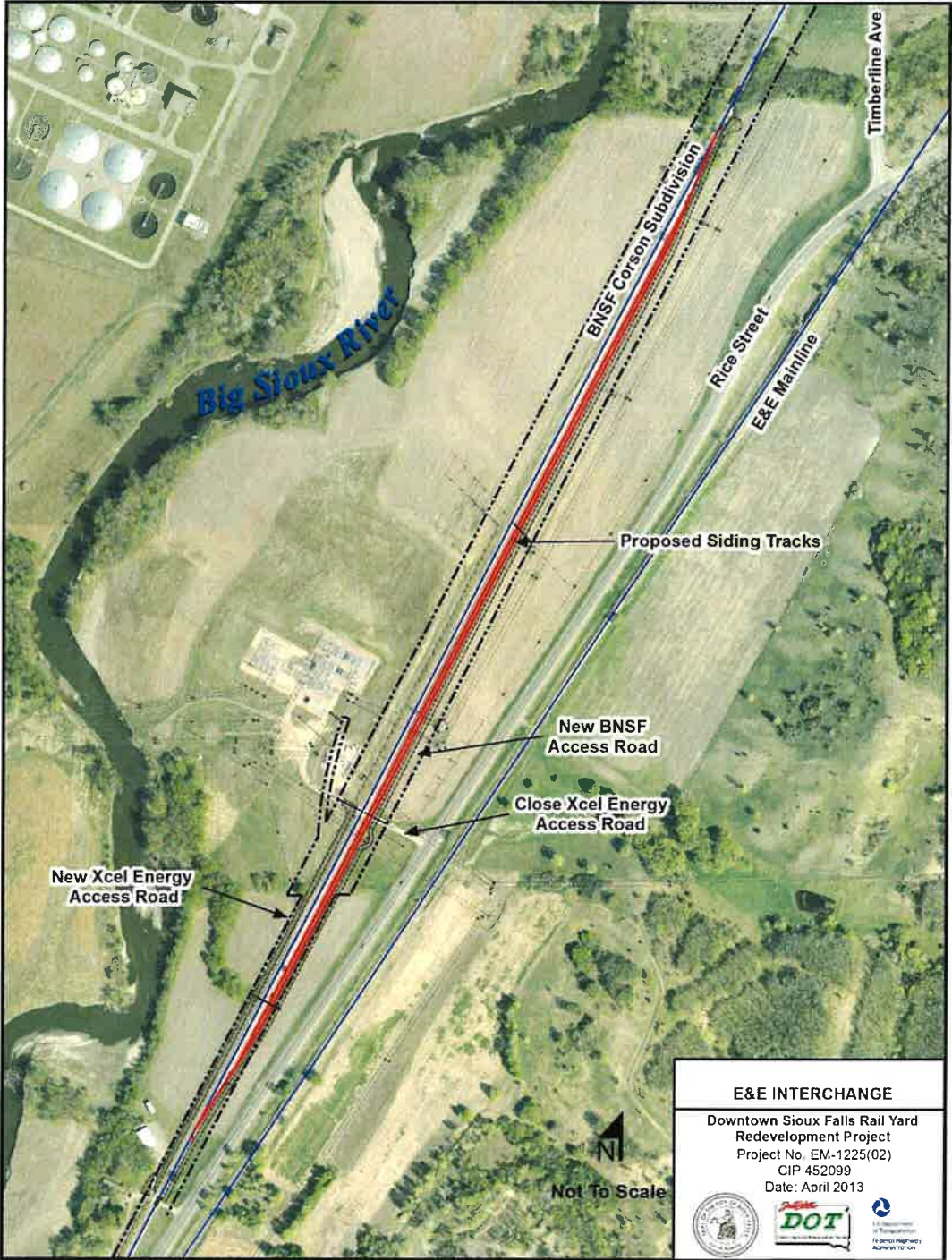
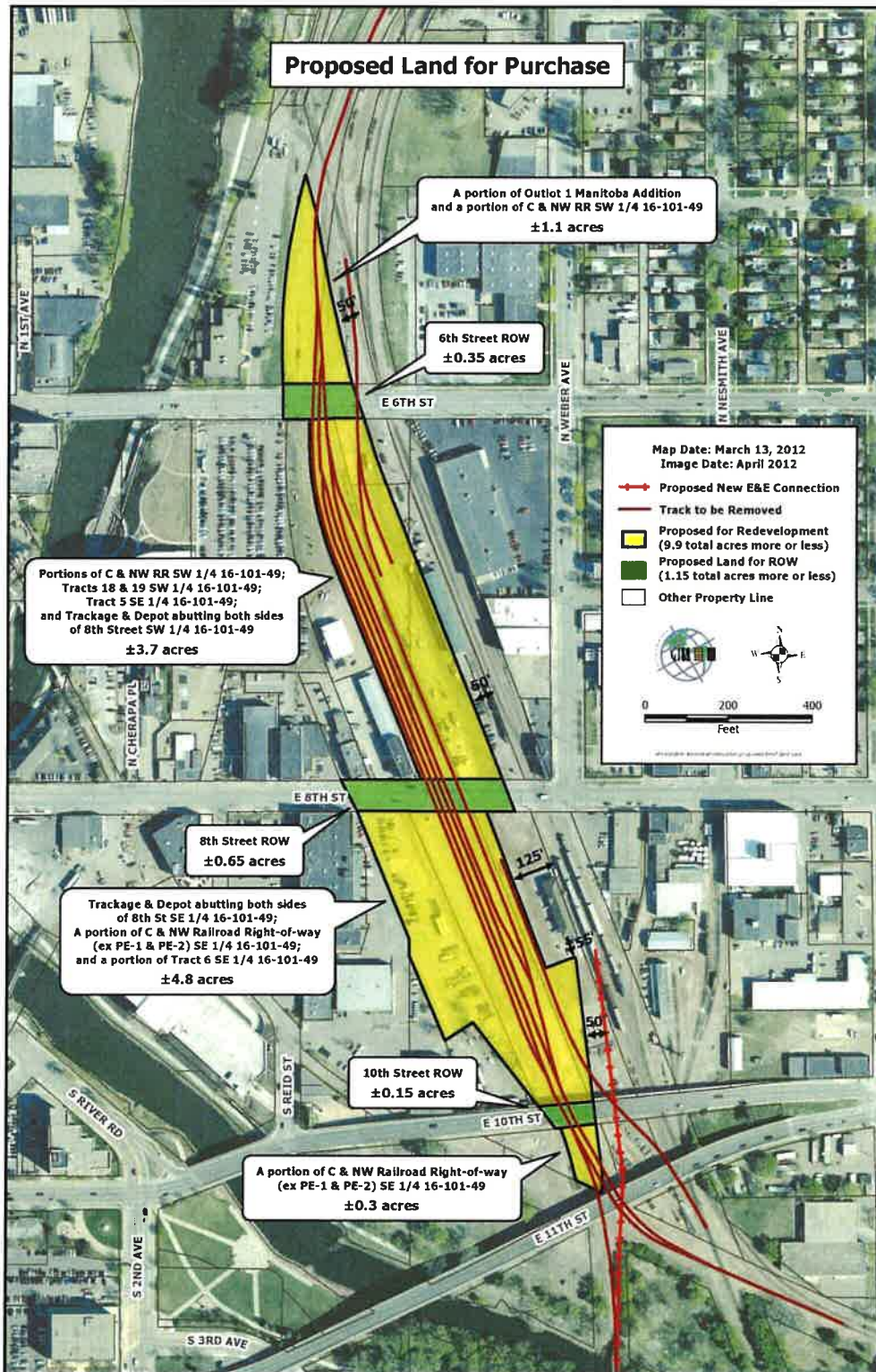


Exhibit 2: Proposed Land Purchase



Early in the development of the EA, several of the Wye track concepts from previous reports were eliminated because other improvement projects had since been constructed in the area, or because more detailed information rendered them unfeasible from an engineering or logistics standpoint. Some early yard locations were also eliminated due to agency concerns, BNSF/City requirements, inconsistency with local and regional land use plans, or because they had significant impacts to parks or historic resources.

As new information became available and the public responded to alternatives, several new study areas were added. The additional study areas included new areas along the BNSF subdivisions as well as the E&E rail lines for the evaluation of alternatives that could meet the purpose and need. These locations included a potential new rail yard along the E&E Railroad line just west of Brandon, SD; a siding track in lieu of a direct Wye connection along the Canton Subdivision in southern Sioux Falls; and another siding track location immediately south of the Downtown Yard along the Canton Subdivision. All of the alternatives considered, and the reasons for which they were eliminated, was documented in a separate Technical Memorandum that is available for review from the City.

The two alternatives evaluated in detail in the EA were the Proposed Alternative and the No-Action Alternative. Although the No-Action Alternative does not satisfy the Purpose and Need, it was carried forward as a baseline for comparison against other alternatives.

III. Selected Alternative

The Selected Alternative consists of the City purchasing approximately ten acres¹ of the Downtown Yard property from BNSF; BNSF constructing a railroad interchange along the Corson Subdivision to allow BNSF and the E&E Railroad to transfer railcars; BNSF re-configuring the connection between the E&E tracks and the BNSF tracks at the south end of the Downtown Yard (i.e. just north of the Big Sioux River); and BNSF making modifications to their regional operations. The BNSF mainline and siding tracks along the eastern edge of the Downtown Yard, as well as the BNSF depot building south of 8th Street, would remain, allowing BNSF to continue to make the Madison to Corson movement by utilizing the Canton Subdivision, using staff and engines staged downtown.

While the Selected Alternative does not include construction of a new rail yard, removal of all operations from the Downtown Yard, or construction of a direct Wye track connection between the three subdivisions, it does constitute a "functional replacement" for the operations within the Downtown Yard, and is supported by the City of Sioux Falls and BNSF.

In addition, the E&E Railroad has provided documentation to the City stating they will relinquish their right of first refusal to purchase the Downtown Yard property in conjunction with closing the City's purchase of the property from BNSF, which is one of the stipulations in the Memorandum of Understanding (MOU) between the City and BNSF.

¹ Approximately 1.15 acres of land would also be officially transferred from BNSF to the City for the right-of-way for 6th Street and 8th Street.

Exhibit 3: Generalized Study Areas



The EA for the project considers and analyzes the potential social, economic, and environmental impacts related to the proposed Project. Specifically, the EA studies the No Action Alternative and potential impacts associated with the Selected Alternative. The EA concludes that:

- 1) The Direct Land Sale, Interchange Sidings, and Modification of Railroad Operations Alternative should be the Selected Alternative for the Project.
- 2) The Selected Alternative meets the need and purpose of the project with the least amount of impacts to area resources.
- 3) The Selected Alternative will have no significant impacts of the quality of the human or natural environment.
- 4) Impacts to historical resources caused by the project can be mitigated.

Based on these conclusions, the SDDOT and the FHWA recommend a Finding of No Significant Impact (FONSI) for the Project.

The impacts analyzed in the EA include direct, indirect, and cumulative impacts of the project. Direct effects are defined by the CEQ regulations (40 CFR § 1508) as being "caused by the action and occur at the same time and place." Indirect effects are defined as effects that are "caused by an action and occur later in time or farther removed in distance, but are still reasonably foreseeable," and may "include growth-inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, and related effects on air and water and other natural systems, including ecosystem." Cumulative impacts are the incremental impacts that the project's direct or indirect effects have on a resource in the context of the myriad of other past, present, and future effects on that resource from unrelated activities.

For the construction of the two siding tracks at Study Area 1, no permanent right-of-way (ROW) will be acquired. A permanent easement and temporary construction easements may be required to construct the access road for the Xcel Substation. The exact boundaries of these acquisitions would be determined during final design. The BNSF Sioux Falls Operations Plan in Appendix A of the EA states that "Additional operations changes, outside of this project, may be required by BNSF based on future market conditions." Therefore, the possibility exists that additional ROW may be purchased by BNSF outside of this project. Purchase and use of such property would be consistent with the current industrial zoning of the area and would not create any indirect or cumulative impacts that have not been fully considered in the EA.

The following table (**Exhibit 4**) summarizes impacts associated with the Selected Alternative. Because this alternative does not include construction of a new rail yard, and because the E&E connection in Study Area 1 lies within the existing ROW, minimal impacts are anticipated; the majority of impacts are temporary and related to construction. The Selected Alternative avoids, minimizes, and mitigates indirect and cumulative impacts through the mitigation measures described in Section VI of this FONSI. These mitigation measures address all identified short term impacts.

Exhibit 4 – Selected Alternative Impacts

Resource	Summary of Impacts
Land Use	The primary land use in Study Area 1 is agricultural cropland; however the land is zoned for industrial uses. Existing development is primarily railroad tracks, four single-family residences, and two commercial buildings. The siding tracks and access road would be constructed mainly within BNSF ROW. Approximately one acre of agricultural cropland will be used. Primary land use in Study Area 2 consists of the rail yard. Existing development consists of industrial and commercial. Approximately ten acres of rail yard would be used for redevelopment.
Social and Economic	Great Bear Recreation Park is just outside of Study Area 1, no other community facilities or neighborhoods are nearby. In Study Area 2 Kilian Community College is just outside the limits of the project. Several public and private transportation services operate within the study area. Overall there would be beneficial impacts to the community by encouraging economic redevelopment.
Environmental Justice	Minnehaha County and the City of Sioux Falls are both below the poverty levels for South Dakota. No disproportionately high or adverse impacts to low income or minority populations will be impacted.
ROW, Acquisitions, and Relocations	There would be no residential or business relocations. Minor temporary and permanent easements may be required for construction of a portion of the Xcel Energy access road.
Pedestrians, Bicyclists, and Accessibility for Individuals with Disabilities	Study Area 1 does not have any existing sidewalk or trails, but does have a nearby trail planned. The project will not impact the planned bicycle trail for the Benson Road extension. Study Area 2 is not currently conducive to ADA access. The sidewalks along 6 th and 8 th Street would be reconstructed as ADA compliant. The Sioux Falls Bike Trail would not be impacted.
Historic and Archeological Resources	Study Area 1 contains four ineligible buildings in the Direct APE and two additional ineligible properties in the Indirect APE. There are two ineligible archeological sites in the Indirect APE that also have a proposed determination of no adverse effect. It is proposed that no historic properties will be affected in Study Area 1. In Study Area 2 there are four eligible historic properties. The proposed recommendation is an adverse effect for two of the properties, the Great Northern Freight House Addition and the downtown BNSF rail yard, and a no adverse effect for the other two properties in the Direct APE. There would be no impacts to all properties in the Indirect APE.
Wetlands and Water Resources	In Study Area 1 minor impacts to the ephemeral tributary and wetland are expected to be less than 100 feet in total loss of stream length and less than 0.10 acres. No wetlands will be impacted in Study Area 2.
Prime Farmland	There is no prime farmland in either study area since both are considered "urbanized areas" by NRCS. The impacts to agricultural cropland within and outside the existing BNSF ROW at Study Area 1 would not be considered as significant impacts.
Floodplains	Study Area 1 is in the Big Sioux River floodplain and is in a "backwater" area. Study Area 2 is in the Big Sioux area along the eastern bank of the Big Sioux River and does not carry active flow from the river due to embankments. The removal of rail road track and construction of new track would actually increase the volume of flood storage during the 100-year event due to the excavation of material from the floodplain for the drainage ditches.

Downtown Sioux Falls Rail Yard Redevelopment Project
Finding of No Significant Impact

Resource	Summary of Impacts
T&E Species, Wildlife, and Migratory Birds	No T&E species are known to occur in either study area. Impacts to wildlife will be minimal or negligible. There is a potential for migratory birds to be impacted since trees will be removed; however, the amount of trees being removed will be negligible in both study areas.
Utilities	Utilities in the study areas are those that are commonly encountered, and include overhead and underground electrical, communication lines, as well as municipal utilities such as water and sewer lines. Major utilities have been avoided in Study Area 1. There are potential minor utility line conflicts in Study Area 2, including the 6 th and 8 th Street crossings.
Noise and Vibration	Study Area 1 would result in minor increased train operations, but the overall number of rail cars will not increase. Noise levels are not expected to increase. There would be no vibration impacts at either study area.
Hazardous Materials and RECs	A Phase II ESA, conducted within Study Area 2, found low levels of PAH and petroleum-related impacts. Vapor intrusion exposure is not a risk at this time. Potential environmental concerns may still exist from undocumented spills from normal railroad activity.
Visual Impacts and Aesthetic Considerations	A new railroad interchange with two sidings and an access road will be constructed at Study Area 1. This will result in minor visual changes since a railroad line already exists. The visual impacts would be mainly from those traveling on Rice Street. In Study Area 2 the visual quality would improve from the removal of the rail yard and reflect a more traditional urban area.
Section 4(f) and Parkland, and Section 6(f)	In Study Area 2, Beadle Greenway would have minor temporary impacts from the track realignment, which have been determined to be exempt from further Section 4(f) documentation. The Sioux Falls Bike Trail would not be impacted from construction activities, but there would be temporary visual and noise impacts to users. In addition, there are two historic properties that would be impacted, although these impacts are unavoidable due to the purpose and need of the project. The removal of the Downtown BNSF Rail Yard would constitute a direct use under Section 4(f), as would the removal of the Great Northern Freight House Addition. The project would not require a Section 6(f) temporary non-conforming use permit for the temporary impacts to Beadle Greenway.

IV. Public Involvement

Public involvement throughout the development of the EA consisted of the formation of a Steering Committee; agency coordination; public participation, including seven public meetings; City Council presentations; a project website on the City of Sioux Falls website; and other coordination, all of which is documented in the EA, and available for review from the City.

Additional public involvement since the publication of the Draft EA is summarized below.

A. Agency Coordination

The South Dakota Department of Game, Fish, and Parks (SDGFP) commented on July 11, 2013 that they concurred with the findings of the Draft EA and that they did not have any further comments.

The United States Department of the Interior (DOI), Office of the Secretary, Office of Environmental Policy and Compliance, commented on September 3, 2013 that they concurred with FHWA's determination of eligibility of properties to be considered under Section 4(f), and on the determination of whether a full Section 4(f) Evaluation is necessary. They also concurred on the determination of no feasible or prudent alternatives to the Selected Alternative, and that the mitigation measures proposed satisfies the need to consider all measures to minimize harm to the impacted properties.

The Advisory Council on Historic Preservation (ACHP) commented on September 5, 2013 that they acknowledged receipt of the Memorandum of Agreement (MOA), and that the filing of the MOA, and execution of its terms, completed the requirements of Section 106 of the National Historic Preservation Act (NHPA) and the ACHP's regulations.

B. Public Participation

A public meeting was held on August 14, 2013. Letters were sent to affected residents and to a list of citizens who had provided their mailing information to the City throughout the development of the EA. Public notices were placed in the local newspaper, and there were also news releases from the City.

Comments were received on the EA through verbal comments at the public meeting, the project website, and written responses. Public comments received at the public meeting and during the 45-day public comment period are summarized in **Appendix A**.

V. Section 4(f) Resources

The Selected Alternative will result in the use of two Section 4(f) properties: the *Downtown BNSF Rail Yard* and the *Great Northern Freight House Addition*. Chapter 4 of the EA describes these resources and considers alternatives and measures to avoid impacts and minimize harm to Section 4(f) properties. Based on these considerations, there are no feasible and prudent alternatives to avoid the use of these Section 4(f) properties, and the proposed action includes all possible planning to minimize harm to these resources.

VI. Mitigation/Commitments

The Selected Alternative has avoided or minimized impacts to environmental resources to the extent practicable. For those unavoidable impacts, mitigation measures and commitments were proposed in the EA. The measures are summarized below in **Exhibit 5** and will be implemented as part of this project. Appropriate permits will also be secured prior to construction activities, which are summarized in **Exhibit 6**.

Exhibit 5 – Mitigation Measures and Commitments

Mitigation Measure or Commitment	Responsible Party
All money generated from the sale of the Downtown Yard property acquired as part of the Selected Alternative will be applied to future projects eligible for funding under Title 23 USC.	City of Sioux Falls
The specific amount of ROW and temporary easements will be determined during final design and all ROW acquisition will be conducted in accordance with the Uniform Act.	BNSF/Contractor
Sidewalks and trails will be kept open during construction. Existing sidewalks would be replaced along 6 th Street and 8 th Street after the rails and crossings are removed. Signage, detours, and temporary paving would be used during construction, in compliance with ADA.	BNSF/Contractor
If there is an inadvertent discovery of a historic property during construction of the undertaking, the City will stop construction of the undertaking and immediately notify FHWA. FHWA will notify the appropriate authorities and follow the procedures outlined in 36 CFR 800.13.	BNSF/Contractor
A formal delineation will need to be conducted to determine the boundaries of the wetlands and Waters of the U.S. A Section 404 NWP will be obtained for these impacts during final design and an alternatives analysis will be submitted demonstrates that the preferred alternative is the least environmentally damaging practicable alternative. Construction will implement BMPs, and the general and special conditions required. No compensatory mitigation is proposed. If the impacts to the streams or wetlands exceed the threshold, mitigation will be necessary.	BNSF/Contractor
Impacts to water quality are expected to be minor and temporary, and would be mitigated by implementing BMPs as required by City of Sioux Falls, SDDENR, and USACE. A General Permit for Storm Water Discharges Associated with Construction Activities would be required, including a SWPPP.	BNSF/Contractor
Soil erosion and sediment control practices as detailed in a SWPPP will be incorporated. Construction activities will be permitted and will limit post construction erosion to pre-construction levels.	BNSF/Contractor
The proper floodplain permits for floodplain impacts in both study areas will be obtained, which will certify that the construction activities are in compliance with South Dakota floodplain regulations, prior to construction.	BNSF/Contractor
After construction, any disturbed areas will be re-vegetated.	BNSF/Contractor
Weed free and approved plant materials will be used to re-vegetate disturbed areas. Chemical and biological control, along with any other coordination will be used as needed.	BNSF/Contractor
If any trees are removed for the project, they will be removed outside the primary migratory bird nesting season (April 1 through September 1), or field surveys will be conducted in accordance with policies defined by the USFWS.	BNSF/Contractor
Utility providers will be coordinated with prior to construction and removal activities. Where relocations are required due to conflicts with the Selected Alternative, designs to relocate the utility would be developed by the utility company.	BNSF/Contractor

Downtown Sioux Falls Rail Yard Redevelopment Project
Finding of No Significant Impact

Mitigation Measure or Commitment	Responsible Party
Adverse effects to historic properties will be mitigated in accordance with the MOA between FHWA and SHPO, that includes stipulations for 1) a redevelopment plan to maintain the historic integrity of the surrounding historic structures; 2) signage regarding the historic railroad and its role in the development of downtown Sioux Falls to be placed for public consumption; and 3) recordation of the current state of the rail yard prior to any changes taking place to the tracks or the freight house building.	City of Sioux Falls
Temporary noise abatement measures will be implemented during construction of the E&E Interchange (e.g. no night-time work).	BNSF/Contractor
The top six inches of soil will be excavated from the BNSF property and dispose of it in accordance with a properly prepared Soils Management Plan.	City of Sioux Falls
Future developers of the Downtown Yard property will abide by the regulations of the Overlay District in the City's zoning ordinances (i.e. retaining an environmental consultant, preparing a Soils Management Plan for any excavation and grading activities, and working with the City and SDDENR to maintain compliance with State of South Dakota regulations).	Future Developers
Any existing structures within the Study Area 1 and 2 that will be acquired and demolished prior to construction of the rail yard should be inspected for the presence of asbestos-containing material and abated, if necessary, prior to demolition, in compliance with federal and state requirements.	BNSF/Contractor

Exhibit 6 – Anticipated Permits

Permit Name/Type	Permit Description	Issuing Agency	Permit Requirements
CWA– Section 404 (Wetlands and waters)	Regulates discharge of dredged or fill material into Waters of the United States	USACE	A formal delineation will need to be conducted. Submit plans and proposed impacts to USACE along with an alternatives analysis, if required by the USACE.
Clean Water Act – Section 401 (Water Quality Certification), and Article 74:51 of the State of South Dakota Administrative Code (SD Surface Water Quality Standards)	Water quality verification and compliance with state statutes	SDDENR	Submit plans and proposed impacts to SDDENR. If impacts are authorized by a NWP from the USACE that is pre-certified by SDDENR, no further action is required. Otherwise follow conditions in Individual water quality certification.
Floodplain Development Permits	Regulates construction within floodplains	Sioux Falls and Minnehaha County	Submit permits for both study areas for construction within the Big Sioux River floodplain.
Clean Water Act – Section 402 (NPDES for grading)	Regulates discharges of pollutants from non-point sources and construction sites greater than 1 acre	SDDENR	Submit design plans and a SWPPP to SDDENR along with a Notice of Intent (NOI). Follow up during construction with inspections as required by the permit, and then submit a Notice of Termination (NOT) following construction.
CWA – Section 402 (NPDES for Industrial Activities)	Regulates discharges of pollutants from non-point sources and industrial activities	SDDENR	Submit design plans and a SWPPP to SDDENR along with a NOI and how run-off will be controlled and to reduce pollutants.
Construction Permit	General City permit required for construction activities	City of Sioux Falls	Complete permit application and submit any required documentation and fees.

VII. FHWA Decision

FHWA has reviewed all of the relevant documents and materials as well as all comments from the public and agencies received during the development of the EA. Based upon our independent review and analysis, we find that the EA analyzed and considered all the relevant potential environmental impacts and issues. FHWA concurs with the findings made in the EA that:

- 1) The Direct Land Sale, Interchange Sidings, and Modification of Railroad Operations Alternative should be the Selected Alternative for the Project.
- 2) The Selected Alternative meets the need and purpose of the project with the least amount of impacts to area resources.
- 3) The Selected Alternative will have no significant impacts on the quality of the human or natural environment.
- 4) Impacts to historical resources caused by the project can be mitigated.

Based upon our review and consideration of the analysis and evaluation contained in the EA; and after careful consideration of all social, economic, and environmental factors and mitigation of construction impacts; and considering input from the public involvement process and agency coordination; FHWA hereby approves the issuance of a Finding of No Significant Impact (FONSI) for the Downtown Sioux Falls Rail Yard Redevelopment Project. FHWA further approves of the Direct Land Sale, Interchange Sidings, and Modification of Railroad Operations Alternative as the Selected Alternative for this project. The Selected Alternative will best fulfill the purpose and need for the project, meet the goals identified for the project, and minimize impacts to Section 4(f) resources.

Regarding mitigation and commitments, SDDOT and the City of Sioux Falls, on behalf of FHWA, are hereby required to ensure completion of all mitigation outlined above and set out specifically in the EA and the Section 106 MOA signed by FHWA in June 2013. SDDOT and the City of Sioux Falls are also required to ensure that any and all local, state, and federal permit agencies and conditions are met and otherwise complied with.

APPENDIX A – Public Comments and Summary of Responses

Verbal comments received at the August 14, 2013 Public Meeting

Randy Harkless -

1. Who will be responsible for the clean-up and expense if there is contamination of the aquifer from rail car spills?
BNSF will be responsible as they are required to have a spill plan in place to comply with State and Federal laws on all their property.
2. Has the Department of Game, Fish and Parks updated the T&E survey for the proposed alternative, specifically for Lined Snakes?
DGFP has responded that they have no objections to the proposed project, and that there are no T&E species in the project area.
3. Once new track is built, will the Railroad acquire additional ROW at Study Area 1?
The Railroad has 200' of ROW, and they do not expect to acquire additional ROW for the sidings; the preliminary design shows all new tracks being constructed within the existing ROW. BNSF will determine how much, if any, additional ROW and permanent or temporary easements will be required for the access roads after final design for the siding tracks is completed.
4. If the \$35 Million is not enough to pay for the project will the public have to cover the difference? If the project costs less than the \$35 Million where will the excess go?
If the \$35M is not enough, there will be discussions at the City Council to determine the way forward. Taxes are a possibility, but the public would be consulted. If there is too much money, it will go back to the federal government.

Daniel Bilka -

1. How much linear feet of rail will be removed?
15,080 feet of track will be removed
2. How much linear feet of rail will be added?
8,820 feet of track will be added
3. Has the City considered potential passenger rail downtown and should they consider retaining some of the 10 acres for a depot?
We are not aware of the city considering the retention of any land for future passenger service. There is no passenger service today, so accommodations would have to be made if that was determined feasible in the future, with or without the proposed alternative.

Kermit Staggers (City Councilman) -

1. What does "Paying for loss of capacity" mean?

This payment would be a one-time payment to BNSF for loss of capacity to cover the expense of changing their operations within their existing network to maintain capacity to move materials, and would be determined through the appraisal process.

Cheryl Rath -

1. Is all the proposed construction limited to the railroad property?

The preliminary design shows all new tracks being constructed within the existing ROW. Additional ROW, if needed for the adjacent access roads, could be acquired as a permanent easement.

Written comments received during the 45-day public comment period

Brienne Maner -

Ms. Maner states that this project will be a true game changer for Sioux Falls, especially the East Bank retailers. She also mentions that reducing wait times will improve the bottom line of shops and restaurants, and that safety will increase for bikes and pedestrians. Ms. Maner states that downtown Sioux Falls will be able to utilize the land for either more commerce or more residential space, and that the proposed alternative is a win for everyone.

Daniel Bilka -

Mr. Bilka provided a letter discussing several concepts that he would like the City to consider in making its decision about the redevelopment of the downtown yard and construction of the new interchange sidings near Rice Street. Mr. Bilka stated in his letter that the primary goals for commenting are to:

- Ensure Sioux Falls has adequate maximum service potential into the future.
- Safeguard a location for a passenger terminal in the future.
- Safeguard historic railroad right-of-way for future trails or commuter use.

In response to each of Mr. Bilka's goals, consideration was given to determining if the Selected Alternative meets the project's purpose and need; if an additional alternative analysis is required; and if there are significant social, economic, or environmental impacts that require the preparation of an Environmental Impact Statement (EIS).

The existing tracks to be removed from the downtown rail yard are currently being used to store and sort rail cars for delivery to Sioux Falls customers, assemble trains for departure to other area, and maintain equipment. As discussed in Section 2.4 of the EA, construction of the new E&E Interchange along with changes within BNSF's existing operations will provide a functional replacement for these operations. Current and future railroad service to businesses located within and beyond the City of Sioux Falls will not be reduced as a result of this project. The Selected Alternative satisfies the purpose and need component for maintaining BNSF's railroad

Downtown Sioux Falls Rail Yard Redevelopment Project
Finding of No Significant Impact

operations. Further, this project does not preclude future development activities by private companies (e.g. BNSF), such as those proposed by Mr. Bilka.

Commuter rail service is not included in any of the long-range local or regional transportation plans. The Sioux Falls Metropolitan Planning Organization's (MPO) transportation planning process includes consideration of transit needs in the region, and has not identified a need for commuter rail service. If this need is identified in the future, this project does not preclude it from being developed. Further, the existing Great Northern Depot is not being removed as part of this project, and could conceivably be used for this service in the future.

The City is making provisions for improved pedestrian use and recreational trails within the historic railroad rights-of-way as discussed in Section 3.5 of the EA. The City's redevelopment master plan, an attachment to the Memorandum of Agreement between FHWA and the SDSHPO in Appendix A of the EA, provides the City's conceptual plan for redevelopment of the project area. This includes sidewalks, new crossing signals at 6th and 8th Street, increasing pedestrian and bicyclist connectivity, bus/trolley stops, and an interpretive community shelter. The City, in collaboration with the MPO, will continue to review and address the local transportation needs as part of their planning and management plans, which is outside the scope of this project.

We appreciate the thoughtful reflection and the concepts provided by Mr. Bilka, and have fully considered them in making our final decision. In summary, we have determined that the Selected Alternative meets the project's purpose and need; an additional alternatives analysis is not required; and there are no significant social, economic, or environmental impacts that would require the preparation of an EIS.

Joni Stowater -

Ms. Stowater is pleased that Study Area 3 is off the table, and believes that the current plan is the best option for all parties involved.

Citizen 1 -

States that the purpose of the project is great idea for the improvement of downtown Sioux Falls.

Citizen 2 -

Thinks moving the rail yard to continue to expand the downtown area is a terrific idea.

Citizen 3 -

States that the removal of the rail yard will open significant space for development which will be great for the economy.

Citizen 4 -

States that the removal of the rail yard is a good decision to keep moving forward with positive downtown development. This project will help beautify downtown and make it more vibrant.

Downtown Sioux Falls Rail Yard Redevelopment Project
Finding of No Significant Impact

Citizen 5 -

States that the proposed alternative is a great balance between private and public entities, and will allow the core of Sioux Falls to reach its full potential.

Citizen 6 -

States that having ten acres of land available in the heart of downtown will be fabulous.

Citizen 7 -

States that having ten additional acres of land would have a positive impact on economic development.