

EO-541
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SURFACE TRANSPORTATION BOARD

Washington, DC 20423
Office of Economics, Environmental Analysis, and Administration

Albert Anderson, Industrial Development Manager
Port of Moses Lake
7810 Andrews Street, NE, Suite 200
Moses Lake, WA 98837

July 5, 2007

RE: Finance Docket No. 34936, Northern Columbia Basin Railroad Project in Moses Lake, Washington

Dear Mr. Anderson:

Please find enclosed an original copy of the executed Memorandum of Understanding (MOU) for the above referenced case. If you have any questions regarding the MOU or require further information, please do not hesitate to contact me at (202) 245-0299 or christa.dean@stb.dot.gov.

Sincerely,



Christa Dean
Attorney
Section of Environmental Analysis

SURFACE TRANSPORTATION BOARD

Washington, DC 20423

Office of Economics, Environmental Analysis, and Administration

Dave Peters, Sr. Vice President
HDR Engineering, Inc.
500 108th Avenue NE
Suite 1200
Bellevue, WA 98004

July 5, 2007

RE: Finance Docket No. 34936, Northern Columbia Basin Railroad Project in Moses Lake, Washington

Dear Mr. Peters:

Please find enclosed an original copy of the executed Memorandum of Understanding (MOU) for the above referenced case. If you have any questions regarding the MOU or require further information, please do not hesitate to contact me at (202) 245-0299 or christa.dean@stb.dot.gov.

Sincerely,

A handwritten signature in cursive script that reads "Christa Dean".

Christa Dean
Attorney
Section of Environmental Analysis

SURFACE TRANSPORTATION BOARD

Washington, DC 20423

Office of Economics, Environmental Analysis, and Administration

Kathryn Kusske Floyd
Mayer Brown Rowe & Maw
1909 K Street, N.W.
Washington D.C. 20006-1101

July 5, 2007

RE: Finance Docket No. 34936, Northern Columbia Basin Railroad Project in Moses Lake, Washington

Dear Ms. Kusske Floyd:

Please find enclosed a copy of the executed Memorandum of Understanding (MOU) for the above referenced case. If you have any questions regarding the MOU or require further information, please do not hesitate to contact me at (202) 245-0299 or christa.dean@stb.dot.gov.

Sincerely,

A handwritten signature in cursive script that reads "Christa Dean".

Christa Dean
Attorney
Section of Environmental Analysis

SURFACE TRANSPORTATION BOARD

Washington, DC 20423
Office of Economics, Environmental Analysis, and Administration

Brig Temple
Columbia Basin Railroad
111 S. 33rd Street, Suite 200
Yakima, WA 98901

July 5, 2007

RE: Finance Docket No. 34936, Northern Columbia Basin Railroad Project in Moses Lake, Washington

Dear Mr. Temple:

Please find enclosed an original copy of the executed Memorandum of Understanding (MOU) for the above referenced case. If you have any questions regarding the MOU or require further information, please do not hesitate to contact me at (202) 245-0299 or christa.dean@stb.dot.gov.

Sincerely,

A handwritten signature in cursive script that reads "Christa Dean".

Christa Dean
Attorney
Section of Environmental Analysis

MEMORANDUM OF UNDERSTANDING

AMONG THE SURFACE TRANSPORTATION BOARD, WASHINGTON STATE DEPARTMENT OF TRANSPORTATION, AND HDR ENGINEERING, INC.

I. Introduction and Purpose

A. The Parties to this Memorandum of Understanding (MOU) are the Surface Transportation Board's (Board) Section of Environmental Analysis (SEA), Washington State Department of Transportation (WSDOT), and HDR Engineering, Inc. (HDR) (collectively referred to as "the Parties"). This MOU outlines the relationship between the Board and WSDOT as co-lead agencies for the preparation of the environmental document(s) under the Washington State Environmental Policy Act (SEPA) and the National Environmental Policy Act (NEPA) relating to the proposal of the Port of Moses Lake (Port) to construct and the Columbia Basin Railroad to operate a rail line in Grant County, Washington (referred to as the "Port Project"). The co-lead agencies will consider the potential environmental impacts resulting from the proposed rail line construction and operation, as well as any rail-related alternatives. In addition to the rules and responsibilities of the co-lead agencies, this MOU also sets forth the relationship of HDR to SEA and WSDOT.

B. The Parties agree that HDR, WSDOT's on-call environmental contractor, will provide technical assistance to the Parties in the preparation of needed environmental documentation for the Port Project. At such time as the parties have determined the level of environmental documentation needed and the scope of the analysis for the Port Project, they will prepare a Task Order and WSDOT will issue that Task Order to HDR. The Task Order will set forth the procedures and reports needed to perform an environmental analysis leading to either an Environmental Assessment or an Environmental Impact Statement. It will also set out the timeline for functions under the Task Order. As information is developed and a decision made about the nature of the final environmental document(s), WSDOT will direct alteration of the Task Order as agreed upon by the Parties to meet any changes in the specific environmental document(s) needed, the level of detail they require, and any other changes needed to prepare the final environmental document(s).

II. Roles and Responsibilities of the Co-Lead Agencies

- A. WSDOT shall provide ongoing direction and oversight of HDR Task Order performance and shall be responsible for contract costs and Task Order costs as agreed upon by WSDOT and HDR. Neither SEA nor the Port is responsible for costs of HDR performance.
- B. WSDOT is responsible for ensuring that SEPA documentation provides the appropriate substantive and procedural compliance pursuant to SEPA.

- C. The Parties shall jointly ensure that NEPA documentation provides the appropriate substantive and procedural compliance pursuant to NEPA.
- D. The Parties shall cooperate fully in organizing, participating in, and conducting any public meetings that are determined necessary to foster public understanding of and/or participation in the environmental review process; assessing potential environmental impacts; developing environmental recommendations; selecting alternatives; and developing appropriate mitigation measures.
- E. The Parties will concur on process milestone dates for actions such as adoption of the final purpose and need statement; the identification of reasonable alternatives for analysis; identifying the necessary specific environmental document(s) and the level of detail they require; the selection of the preferred alternative; and any other appropriate matters.
- F. WSDOT shall direct HDR to provide copies of draft documents concurrently to the Parties as they are prepared.
- G. The Parties will concurrently review and comment on draft documents as they are prepared. The Parties shall make good faith efforts to review documents expeditiously and to meet the timelines in the Task Order.
- H. WSDOT shall keep STB apprised of HDR progress and any other matters affecting the environmental analysis.
- I. WSDOT shall secure the cooperation, participation and involvement of the Port of Moses Lake and the Columbia Basin Railroad as needed to develop information, obtain public input, and provide access to real property as needed for the environmental analysis.
- J. Final environmental documents are expected to be approved by the co-lead agencies.
- K. Consistent with applicable laws, regulations, and agency guidance, the Parties agree that they shall involve the Port and its designated representative and attorneys in meetings, site visits, and public involvement concerning the Port Project. As appropriate, the Parties agree that the Port shall be provided copies of documentation for comment and input. The Port is encouraged to participate fully, provide comments, and assist as appropriate.
- L. The project managers for the Parties shall collaborate to effect the purpose of this MOU. If a disagreement arises on any matter, they shall work together in good faith, with assistance from others as appropriate, to resolve the disagreement. If it cannot be resolved it will be referred to the Chief of SEA and to the State Rail and Marine Director at WSDOT, who will resolve the matter.
 - 1. The Party that seeks resolution will provide a written statement of its dispute, along with any rationale or supporting documents, to

the other interested Parties. The Parties will engage in discussions in an attempt to arrive at a consensus and resolve the dispute.

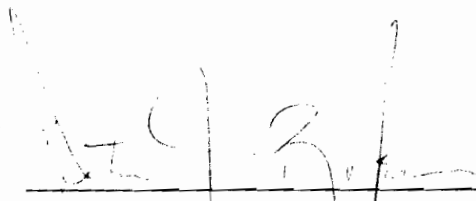
2. If no resolution is reached within thirty (30) calendar days of receipt of the statement of dispute, then the dispute may be elevated to the Parties' respective headquarters-level officials, or their designees. The headquarters-level officials for the Parties will engage in discussions in an attempt to arrive at a consensus. If consensus is not achieved by the headquarters-level officials within thirty (30) calendar days of their receipt of the statement of dispute, the Parties will promptly elevate the matter to the principal policy makers for the respective Parties, who will resolve the matter.

3. The time limits in the preceding paragraph may be extended on the mutual agreement of the Parties to the dispute.

M. This MOU may be modified only by written amendment executed by the Parties.

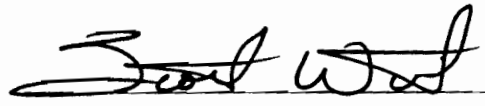
N. Any of the Parties may terminate their involvement in this MOU through written notification. In the event of termination, the terminating party shall provide the other Parties with at least sixty (60) calendar days' advance notification.

SIGNATORIES



Surface Transportation Board

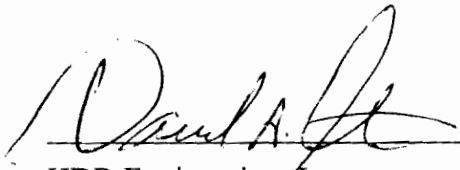
Victoria Rutson, Chief, Section of Environmental Analysis



Washington State Department of Transportation

5/8/07

Scott Witt, State Rail and Marine Director

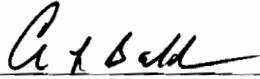


HDR Engineering, Inc.

5/21/07

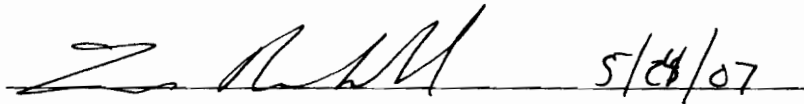
Dave Peters, Sr. Vice President

CONCURRING PARTIES



Port of Moses Lake

Craig L. Baldwin, Executive Manager



Columbia Basin Railroad