



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-9206
757 823-5358
757 629-2366 FAX

David T. Lawson
Vice President
Industrial Products

June 6, 2008

Via E-mail and U.S. Mail

Redella S. Pepper
Vice Mayor
City of Alexandria
301 King Street, Suite 2300
Alexandria, VA 22314

Dear Vice Mayor Pepper:

This letter is in reference to your request for the timeline of events and communications between Norfolk Southern and the City of Alexandria officials as it relates to the development of the ethanol transfer facility.

There have been public statements suggesting that Norfolk Southern did not communicate with the City regarding this facility. I appreciate your request to clarify this point and I hope this timeline will provide you, the Mayor, the other Council members, and the City Manager a clear understanding of the work process and communication that began in June 2006 between the City and Norfolk Southern.

June 20, 2006 – Blair Wimbush (Vice President – Real Estate, NS) and I met with Mayor Euille to advise him of Norfolk Southern's plans to develop our ethanol terminal at the Norfolk Southern rail yard.

June 23, 2006 – Rob Robinson, (Director - Distribution Services, NS); Lloyd Clinginpeel (Manager - Real Estate, NS) and I met with Mayor Euille, Jim Hartmann (City Manager), Mark Jinks (Deputy City Manager), Rich Baier (Director Transportation and Environmental Services), Rich Josephson (Deputy Director – Department of Planning and Zoning), and Art Dahlberg (Director - Code Enforcement, AFD) to review Norfolk Southern's plans to develop the ethanol terminal at the Norfolk Southern rail yard.

August 9, 2006 – Rob Robinson; Gayle Jordan (General Solicitor, NS); Mike Webb (Manager – Distribution Services, NS); and representatives from Norfolk Southern's Engineering and Environmental and Safety Departments met with Art Dahlberg and D. T. Perry (Deputy Fire Marshal, AFD) to review the facility design. The fire department officials made several suggestions that were all incorporated into the facility design.

August 25, 2006 – Rich Josephson sent me an e-mail (Attachment A) regarding the city's position regarding a Special Use Permit and outreach to the community.

September 18, 2006 – Bill Galanko (Vice President – Law, Norfolk Southern) provided Mr. Josephson a written response (Attachment B) to the August 25th e-mail. Mr. Galanko's letter made the following points:

- The facility is a rail transportation facility that will be used by a freight rail common carrier subject to the jurisdiction of the U.S. Surface Transportation Board (STB) in order to perform transportation operations and that the UT zoning ordinance is preempted to the extent that it would require a permit or special use permit.
- Norfolk Southern would commence work in the very near future, and anticipated that the facility would open no later than January 2007.
- Norfolk Southern worked with various local city officials to address facility design concerns and had incorporated all modifications proposed by Alexandria fire officials, including special spill containment facilities, additional fire hydrant locations, foam capability, and additional portable fire extinguishers.
- Stated that Norfolk Southern believed it was incumbent upon us to work with the local community to address its concerns.
- Suggested that, if desired, Norfolk Southern could speak to the city's legal counsel.

November 7, 2006 - Bill Galanko sent a follow-up letter (Attachment C) to Mr. Josephson. Mr. Galanko's letter made the following points:

- The letter was a follow up to the September 18, 2006 letter and that Norfolk Southern had not received any response to that letter.
- Norfolk Southern wanted to touch base with Mr. Josephson to keep him up to date on the progress of the facility.
- Advised that Norfolk Southern anticipates initiating terminal improvements soon after Thanksgiving (2006) and that most of the work would be transparent to other (for example, engineering work) and that some surveyors would be on the property.
- Advised that terminal improvements would be completed sometime after January 2007, but the work in the coming months (late 2006/early 2007) would give Norfolk Southern a better idea of the exact date.
- Reiterated that if there was anything further Norfolk Southern could provide, we were available.

November 8, 2006 – October, 2007 - Norfolk Southern continued the necessary engineering design, modifications, and contractor bid specifications. No communication or response from the City during this time.

October 2007 – Engineering design completed and construction of the facility began, as outlined in both letters, although later than anticipated due to engineering & design changes/delays.

Redella S. Pepper
Vice Mayor
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November 2007 – Norfolk Southern connected to the city water line in order to get water to the new on-site fire hydrants.

April 2, 2008 – Norfolk Southern's facility contractor, Tony Rosenthal (Terminal Manager - RSI Logistics), called Russell Furr of the Alexandria Fire Department and left a message to advise the opening of the terminal and to arrange to delivery the keys to the facility for the Knox Box.

April 4, 2008 – Tony Rosenthal again called Mr. Furr, left him a second message and sent a follow up e-mail (Attachment D).

April 9, 2008 – Operations at the ethanol facility commenced.

April 14, 2008 – Fire Chief Adam Thiel e-mailed me (Attachment E) to set up meeting to review the facility operations and how the AFD could ensure they were properly prepared, trained, and equipped to protect the facility and the city. I returned Fire Chief Thiel's e-mail (Attachment E) and called him on the same day on his cell to discuss the facility.

April 25, 2008 – Doug McNeil (Director Distribution Services - NS), Mike Webb, James Reiner (Trainmaster - NS) and Jim Weglicki (Vice President Operations - RSI) met in Alexandria with Fire Chief Thiel, Rich Baier, Mark Penn (Emergency Management Coordinator), and George McAndrews (Assistant City Attorney) to discuss fire protection for the terminal and delivered a set of keys for the Knox Box.

April 29, 2008 – Chief Thiel sent Norfolk Southern a current needs assessment (Attachment F) for the City of Alexandria to deal with an incident involving bulk quantities of ethanol and followed up with a detailed list (Attachment G) on May 5.

May 7, 2008 – Norfolk Southern agreed (Attachment H) to donate a foam trailer, a set of 4 nozzle/eductors, and 1,640 gallons of foam concentrate.

May 9, 2008 – Conference call with City Staff and Fire Department to discuss the Fire Departments needs assessment of April 29.

May 14, 2008 – Alexandria Fire Department sent a revised needs assessment and Norfolk Southern e-mailed (Attachment I) its willingness to acquire the requested materials for the Alexandria Fire Department.

May 15, 2008 – Jim Hartmann sends a letter (Attachment J) to the Mayor and Members of City Council, with copy to Norfolk Southern, detailing issues regarding the transload facility.

May 27, 2008 – Doug McNeil and Mike Webb appeared before City Council.

Redella S. Pepper
Vice Mayor
City of Alexandria
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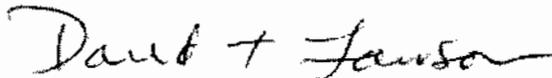
June 2, 2008 – Chuck Wehrmeister (Vice President – Safety and Environmental), Doug McNeil, other NS representatives, and I attended the Summer's Grove Civic Association meeting.

June 4, 2008 – Doug McNeil and Mike Clark (Supervisor Property Loss Prevention - NS) attended the Alexandria LEPC meeting.

These are the primary dates and contacts as best as we can determine. If I have inadvertently omitted a key communication, please let me know and we will certainly include it in our timeline.

If you have any questions, or need further clarification, please do not hesitate to call me.

Sincerely,



David T. Lawson
Vice President Industrial Products

Attachments

cc: The Honorable Mayor William D. Euille
Councilman Ludwig P. Gaines
Councilman Rob Krupicka
Councilman Timothy B. Lovain
Councilman Paul C. Smedberg
Councilman Justin M. Wilson
City Manager James K. Hartmann

Attachment A

-----Original Message-----

From: Richard.Josephson@alexandriava.gov [mailto:Richard.Josephson@alexandriava.gov]
Sent: Friday, August 25, 2006 11:35 AM
To: dtLawson@nscorp.com
Cc: rhrbins@nscorp.com; lrclinge@nscorp.com; Ignacio.Pessoa@alexandriava.gov;
Jim.Hartmann@alexandriava.gov; Mark.Jinks@alexandriava.gov;
Eileen.Fogarty@alexandriava.gov; Rich.Baier@alexandriava.gov;
Jill.Applebaum@alexandriava.gov; Arthur.Dahlberg@alexandriava.gov;
Jannine.Pennell@alexandriava.gov
Subject: Ethanol Transfer Use

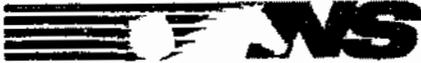
David,

I wanted to get back to you on the question as to whether the proposed ethanol transfer use at the Norfolk Southern facility in Alexandria is a use permitted by right or requires a Special Use Permit. After a review of the information you provided on the proposed facility, we have concluded that the use is a railroad operating facility under the UT zone regulations, and is permitted only with a Special Use Permit. The basis for our determination is that ethanol transfer is a new use and would constitute an intensification of the existing use.

Please let me know if you want to pursue the Special Use Permit and we can discuss the timing for consideration by Planning Commission and City Council as well as outreach to the community.

Rich Josephson
Deputy Director
Department of Planning and Zoning
City of Alexandria
301 King Street
Alexandria, VA 22314

Phone: 703-838-4666, x 302



Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241

William A. Galanko
Vice President Law

Writer's Direct Dial Number
(757) 629-2374
(757) 533-4943 (FAX)
E-mail: william.galanko@nscorp.com

September 18, 2006

Via Overnight Mail

Mr. Rich Josephson
Deputy Director
Department of Planning and Zoning
City of Alexandria
301 King Street
Alexandria, VA 22314

Dear Mr. Josephson:

David Lawson has asked me to respond to your e-mail of August 25, 2006, concerning the Norfolk Southern Railway Company transload facility in Alexandria, Virginia. As you are aware, Norfolk Southern intends to modify this railroad operating facility to receive rail cars and to transload ethanol from those rail cars to trucks. Norfolk Southern will operate the facility through a contractor. You have ventured that this use would be a use not permitted under the current UT zoning, and thus Norfolk Southern could only modify and operate the facility under a special use permit. The transload facility, however, is quintessentially a rail transportation facility that will be used by a freight rail common carrier subject to the jurisdiction of the U.S. Surface Transportation Board ("STB") in order to perform transportation operations. As such, pursuant to 49 U.S.C. § 10505(b), the UT zoning ordinance is preempted to the extent that it would require a permit or a special use permit to be issued before modification and/or operation.

The facility will be merely an adaptation of the former so-called Alexandria Intermodal Facility, which property has a long history of use for various railroad purposes. It will be open to any Norfolk Southern customer seeking ethanol transloading as a part of the Norfolk Southern transportation service package. Norfolk Southern already has received several indications of interest from its customers. The facility will not be devoted to any particular customer. Norfolk Southern will commence work in the very near future, and anticipates that the facility will be open no later than January 2007.

We believe it important to be a good corporate citizen – to work with local officials in order to address concerns that might arise in the modification and operation of our facilities, and we believe we have achieved that here. Accordingly, since June 19, 2006, Norfolk Southern has met with, and provided facility plans to, various Alexandria officials. This includes Mayor Bill Euille, City Manager Jim Hartmann and Deputy City Manager Mark Jinks, as well as D.T. Perry and Art Dahlberg from the Alexandria Fire Department. We have integrated all modifications proposed by Alexandria fire officials to address perceived safety and fire concerns, including but not limited to special spill containment facilities, additional fire hydrant locations (including a mobile fire hydrant), foam capability, and additional portable fire extinguishers. The facility will be fenced, gated and secured, and will be operated in a safe manner in conformance with any applicable health and safety requirements.

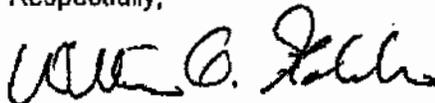
Mr. Josephson
Page 2
September 18, 2006

Having said that, however, we do note that the Interstate Commerce Commission Termination Act ("ICCTA") provides that the jurisdiction of the Surface Transportation Board ("STB") over "transportation by rail carriers" and the construction and operation of rail facilities "is exclusive." 49 U.S.C. § 10501(b). Further, the ICCTA provides that, "except as otherwise provided in this part, the remedies provided under this part with respect to regulation of rail transportation are exclusive and preempt the remedies provided under Federal or State law." *Id.* "Transportation" is defined as including rail cars, warehouses, wharfs, piers, yards, property, facilities "or other equipment of any kind related to the movement of passengers or property, or both, by rail ... and ... services related to that movement, including receipt, delivery, elevation, transfer in transit, ... storage, handling, and interchange of passengers and property..." 49 U.S.C. § 10102(9). ICCTA was passed in an effort to strengthen the rail transportation system by reducing the regulation of railroads and other modes of surface transportation. See 49 U.S.C. § 10101. Application of this section preempts Alexandria's zoning statute to the extent that it would require any permit prior to the modification or operation of the facility.

Courts have repeatedly invoked 49 U.S.C. § 10501(b) as a basis for preemption of state and local zoning, land use planning and permit requirements in the construction of rail facilities to be operated by or on behalf of rail carriers. See City of Auburn v. United States Government 154 F.3d 1025 (9th Cir. 1998), cert. denied, 119 S.Ct. 2367 (1999) (relating to the construction of a rail line); Canadian National Railway Co. v. City of Rockwood, Civ. Case No. 04-40323 (U.S. District Court, E.D. of Michigan, Opinion and Order Granting Preliminary Injunction) (activities taking place at a transload facility are considered "transportation," relating to the preemption of permit requirements for the construction and operation of a transload facility); Norfolk Southern Railway Company, et al. v. City of Austell, et al. 1997 WL 1113647 (N.D. Ga., 1997) (intermodal facility). There are several other cases along similar lines.

These decisions, and the statute that they interpret, implement Congress' expressed intention to preempt such regulations that may stand as an obstacle to an interstate rail carrier's ability to construct facilities or conduct interstate rail operations. Nevertheless, we believe it incumbent upon us to work with the local community to address its concerns. We have done so in the past and we will continue to do so where it makes sense in modifying the facility and opening it on a timely basis to operation. Please let me know if there is anything further I can provide you. Further, if desired, I will be happy to speak with your legal counsel concerning this matter.

Respectfully,



William A. Galanko
Vice President - Law

cc: David Lawson

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Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241

William A. Galanko
Vice President-Law

Writer's Direct Dial Number

(757) 629-2374
(757) 533-4943 (FAX)
E-mail: william.galanko@nscorp.com

November 7, 2006

Mr. Rich Josephson
Deputy Director
Department of Planning and Zoning
City of Alexandria
301 King Street
Alexandria, VA 22314

Dear Mr. Josephson:

This follows up on my letter to you dated September 18, 2006, concerning the Norfolk Southern Railway Company ethanol transload facility in Alexandria, Virginia. I do not believe that Norfolk Southern has received any response to that letter, but I did want to make sure that I touched base with you and keep you up to date as we progress.

We now anticipate initiating necessary terminal improvements (previously reviewed with appropriate city officials) soon after Thanksgiving. Although most of this work will be transparent to others (for example, additional engineering work), there will be some surveyors and others working around the property. We now believe that the terminal improvements will be completed sometime after January 2007, but our work in the coming couple of months will give us a better idea of the exact date.

Please let me know if there is anything further I can provide you. I remain available to speak with you concerning this.

Respectfully,

A handwritten signature in black ink, appearing to read "William A. Galanko". The signature is fluid and cursive, written over a white background.

William A. Galanko
Vice President - Law

cc: David Lawson

From: Tony Rosenthal
Sent: Friday, April 04, 2008 1:29 PM
To: 'Russell.furr@alexandriava.gov'
Cc: Kelley Minnehan
Subject: Knox Box at 1000 S. Van Dorn Street

Mr. Furr.,

I am emailing to arrange a time to meet with you or your representative at the referenced location to set up the Knox Box with all pertinent keys to the facility.
Please give me a call at 404-431-7499 so we can arrange a meeting. We intend to begin our operations Tuesday, 4/8, and would have the Knox Box set-up before then.

Thanks,

Tony Rosenthal
Terminal Manager
RSI Leasing, Inc.
www.rsilogistics.com
404-431-7499

Attachment E

McNeil, Doug

From: Lawson David
Sent: Monday, April 14, 2008 9:59 AM
To: Adam.Thiel@alexandriava.gov
Cc: Michele.Evans@alexandriava.gov; Jim.Hartmann@alexandriava.gov; Cameron.Hall@alexandriava.gov; McNeil, Doug
Subject: RE: Ethanol transloading at the NS intermodal facility in Alexandria, VA

Adam Thiel
Fire Chief – Alexandria Fire Department

Thank you for your note and voice mail regarding Norfolk Southern's ethanol transload terminal in Alexandria. I will give you a call on your cell today. Thanks.

David Lawson
Vice President – Industrial Products
Norfolk Southern Corporation
Norfolk, VA
(757) 823-5358 – Office
(757) 373-3550 - Cell

From: Adam.Thiel@alexandriava.gov [mailto:Adam.Thiel@alexandriava.gov]
Sent: Monday, April 14, 2008 8:53 AM
To: Lawson David
Cc: Michele.Evans@alexandriava.gov; Jim.Hartmann@alexandriava.gov; Cameron.Hall@alexandriava.gov
Subject: Ethanol transloading at the NS intermodal facility in Alexandria, VA

Mr. David T. Lawson, Vice President
Norfolk Southern Corporation

Dear Mr. Lawson:

By way of introduction, my name is Adam Thiel and I'm the "new" Alexandria fire chief.

I'm writing to seek your assistance with addressing the potential impacts of ethanol transloading at the NS intermodal facility here in Alexandria. While I'm not yet completely familiar with the history of this facility, my present understanding is that ethanol transloading operations have been recently initiated on the site.

I'd like to get together with you and your team at your earliest convenience to discuss the transloading operation and how the Alexandria Fire Department can ensure we are properly prepared, trained, and equipped to protect your facility and our City.

Please feel free to contact me directly using the information below, or on my mobile# 703.898.0838.

I look forward to meeting you soon.

Best regards,

Adam

6/5/2008

Adam K. Thiel, MPA, MIFireE, CFO, CEM
Fire Chief
Alexandria Fire Department
900 Second Street
Alexandria, VA 22314
Phone: 703.838.4600
Fax: 703.548.6952
E-mail: adam.thiel@alexandriava.gov



FIRE DEPARTMENT
 900 Second Street
 Alexandria, Virginia 22314-1395

Adam K. Thiel
 Fire Chief

Phone (703) 838-4600
 Fax (703) 838-5093

April 29, 2008

Mr. Michael A. Webb
 Manager Distribution Services
 Southern Region
 Norfolk Southern Corporation
 Three Commercial Place, Box 252
 Norfolk, VA 23510

Dear Mr. Webb:

The City of Alexandria (City) is keenly interested in working with the Norfolk Southern Corporation (NS) to ensure adequate fire protection for the bulk ethanol transloading terminal located at the NS Van Dorn Intermodal Facility. Recognizing Norfolk Southern's commendable effort to design/build this facility with safety in mind, there are a number of remaining issues that must be addressed to help assure the City's ability to protect life, property, and the environment in case of an incident involving bulk quantities of ethanol at the facility.

As we discussed during our meeting on Friday, April 25, 2008, this letter provides the current needs assessment—based on information about the ethanol transloading operation that your group provided last Friday—of City staff from the Fire Department (AFD), AFD Code Enforcement Bureau (Code), AFD Office of Emergency Management (OEM), Planning and Zoning Department (P&Z), and Transportation and Environmental Services Department (T&ES). At your request, this communication is presented as an overview, but we are certainly available to discuss the details at your earliest convenience.

Fire Department (AFD)

After our meeting last Friday, AFD staff conducted a site visit to the facility and completed installation of the facility keys into the Knox Box™ rapid-entry key system. This site visit confirmed the City's need for additional equipment, supplies, and training to safely and effectively handle an incident involving bulk quantities of ethanol. The principal need is for a delivery system to apply a sufficient flow of alcohol-resistant aqueous film forming foam (AR-AFFF) to an ethanol spill/fire on the facility; neither the AFD nor the surrounding mutual-aid jurisdictions currently possess an appropriate delivery system. Large quantities of AR-AFFF must also be secured/maintained in a ready state and routinely replaced according to the manufacturer's recommendation (i.e., when the expiration date is reached). The City requires additional spill response equipment/supplies to protect the environment, especially adjacent waterways, from a bulk

ethanol release. Specialized training to contain/confine/extinguish ethanol releases/spills/fires is also needed for AFD and mutual-aid firefighters (Fairfax and Arlington Counties), as well as for members of the Alexandria/Arlington Hazardous Materials Response Team. Our estimate for providing the requisite equipment/supplies/training to protect the NS ethanol transloading terminal is \$321,020; with a recurring annual maintenance (i.e., equipment depreciation, ongoing training, and rotating expired AR-AFFF) cost of \$50,000.

AFD Code Enforcement Bureau (Code)

Code staff met with Mr. Tony Rosenthal of RSI Logistics (Norfolk Southern's terminal manager) on Monday, April 28, 2008. Generally speaking, the facility is in compliance with Section 3406 of the Fire Prevention Code (FPC). Remaining issues include: 1) confirmation of grounding compliance for the offloading track rails; 2) confirmation of secondary containment capacity; 3) new fire hydrant flushing/finalization; 4) provision of material safety data sheets (MSDS) for the 1500 gallon foam reserve stored on-site; and 5) development/review/approval of a comprehensive fire safety and evacuation plan for the facility, as required by Section 404 of the FPC.

AFD Office of Emergency Management (OEM)

As discussed during our meeting, OEM staff will meet with Mr. Rosenthal to conduct a homeland security threat assessment of the facility, and will include it in the City's overall emergency management planning process. Additional recommendations could result from these activities and will be shared with NS as soon as possible.

Transportation and Environmental Services Department (T&ES)

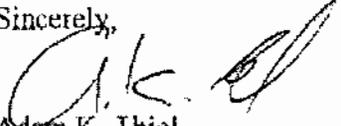
During our meeting, T&ES staff raised two issues: 1) the requirement for bulk tank trucks leaving the facility to obtain haul permits from T&ES; and 2) the need for a stormwater pollution and prevention plan as required by the state Department of Environmental Quality (DEQ).

One final issue concerns the ongoing need for collaboration between NS and the City to provide accurate information for our community concerning the NS Van Dorn Intermodal Facility and ethanol transloading terminal.

In summary, the City looks forward to working in partnership with NS to protect your investment, our citizens, infrastructure, and the environment. Since ethanol transloading operations are underway at your facility, we know NS will continue viewing this matter with a sense of urgency and I look forward to our next discussion and/or meeting.

Please feel free to contact me anytime via email (adam.thiel@alexandriava.gov) or mobile phone (703.898.0838).

Sincerely,


Adam K. Thiel
Fire Chief

Cc: James K. Hartmann, City Manager
Michele R. Evans, Deputy City Manager
Mark Jinks, Deputy City Manager
Ignacio B. Pessoa, City Attorney
George A. McAndrews, Assistant City Attorney
John Catlett, Code Enforcement Director
Farroll Hamer, Planning and Zoning Director
Stephen Milone, Planning and Zoning Division Chief
Richard Baier, Transportation and Environmental Services Director
William Skrabak, Transportation and Environmental Services Division Chief
Mark Penn, Emergency Management Coordinator
John North, AFD Battalion Chief

**ALEXANDRIA FIRE DEPARTMENT
ETHANOL NEEDS ASSESSMENT
EQUIPMENT/SUPPLIES/TRAINING**

EQUIPMENT

- | | | |
|--|-----------------|----------|
| • Delivery system tow vehicle, Ford F450 with utility body | | \$55,000 |
| • Dual Foam Tote Trailer, | | \$36,000 |
| ○ 1000gpm nozzle, 660-gal concentrate capacity | | |
| • Bulk-spill response vehicle, 24-foot box truck | | \$95,000 |
| ○ Lift gate | | |
| ○ Response warning lights | | |
| ○ Generator | | |
| ○ 800 mhz radios | | |
| ○ Interior configuration, shelving/cargo securing devices | | |
| • (4) Foam nozzles/eductors | \$1,400 per set | \$5,600 |
| • Spill/fire control equipment | | \$55,000 |
| ○ Monitors | | |
| ○ Grounding and bonding equipment | | |
| ○ Plug and patch equipment | | |
| ○ Absorbents | | |
| ○ Containment pools and drums | | |
| ○ Double diaphragm pump and supporting equipment | | |

SUPPLIES

- | | | |
|--------------------------------|---|----------|
| • (2) 330-gallon totes AR-AFFF | \$37.00 per gal. | \$24,420 |
| • (20) 5-gallon pails AR-AFFF | <i>*Already provided by NS*</i> | \$0 |
| • (15) 55-gallon drums AR-AFFF | <i>*Equivalent quantity provided by NS*</i> | \$0 |

TRAINING

- | | | |
|--------------------------------------|----------------------------------|----------|
| • Initial ethanol awareness training | <i>*Already provided by CoA*</i> | \$0 |
| • Initial ethanol response training | | \$25,000 |
| • Hazmat specialist training | | \$25,000 |
| ○ Tank car emergencies | | |
| ○ Highway vehicle emergencies | | |
| ○ Advanced foam application | | |
| ○ Advanced leak/spill control | | |

TOTAL **\$371,020**

ANNUAL MAINTENANCE **\$50,000**

(Equipment depreciation, supply rotation, ongoing training.)



Norfolk Southern Railway Company
100 North Station Street, Norfolk, Virginia 23510

May 7, 2008

Mr. Adam K. Thiel?
Fire Chief
Alexandria Fire Department
900 Second Street
Alexandria, VA 22314-1395

Re: Norfolk Southern Railway Company's
Ethanol Transloading Facility Alexandria, Virginia

Dear Mr. Thiel:

Over the past several weeks Norfolk Southern and the Alexandria Fire Department representatives have had several very constructive discussions concerning Norfolk Southern's ethanol transloading facility in Alexandria, Virginia. In part, those discussions have resulted in the placement of the Knox Box rapid-entry key system, allowing the Alexandria Fire Department access to the facility at any time of any day. We view this as an important development in what has become a very strong working relationship. We thank you for your involvement and review towards our mutual goal of safety. This letter responds to your inquiry with regard to certain operations, and further to your letter of April 29, 2008.

The facility is available for service 24 hours per day, 7 days per week, but the current operational needs only require us to operate it from 7:00 a.m. to 6:00 p.m. Monday through Friday. What this means is that we generally open the facility to trucks at 6:00 a.m., though of course these trucks are empty. Although most trucks arrive grouped in the morning, due to the exigencies of the transloading operation they leave spaced out through out the day. Under current operations, the last loaded truck may leave after 6:00 p.m., but generally no later than 7:00 p.m. The rail switching operations to support the transload hours usually are at night - generally from 8:00 p.m. to 5:00 a.m. Monday night through Saturday morning, but the nature of railroad operations is such that the facility must take the traffic when available. As an integral part of our railroad network, we make this particular facility available to all customers, but currently traffic moves out of the facility destined for Springfield, VA and Fairfax, VA, generally via Interstate 95. Of course, if business expands or the customer base changes, then we will respond to that in service hour and rail switching requirements.

We are keenly aware of your safety mission, particularly as it involves the increased levels of ethanol transportation - not only from our facility but generally from a variety of sources as a result of the economic, governmental and international conditions. Given the presence of our facility in the community, we would be pleased to enhance your ability to deal with this, and use as reference the Alexandria Fire Department Ethanol Needs Assessment Equipment Supplies/Training list that you provided to us.

The primary ethanol fire fighting agent is alcohol-resistant aqueous film forming foam (AR-AFFF). We have acquired a significant quantity (2,630 gallons) of Ansulite 3X3 AR-AFFF, as well as a specialized container for long-term storage of the same. We now understand from discussions with you that neither the Alexandria Fire Department nor any of the surrounding mutual aid jurisdictions have the necessary delivery system to apply the foam. We are acquiring such a delivery system and foam nozzles/eductors.

Mr. Charles E. Lee
May 1, 2008
Page 7

Because neither Alexandria nor any of the surrounding mutual aid jurisdictions have the necessary delivery system, nozzles/eductors and requisite supply of AR-AFFF, we anticipate contributing these to the Alexandria Fire Department for general purpose use. Further, we recognize some efficiencies could be gained by storing these items at the Norfolk Southern ethanol transload facility site, and would offer that to you at no cost. In case the Alexandria Fire Department would need the equipment and foam for response within Alexandria or in one of its mutual aid jurisdictions, the Alexandria Fire Department would have access to it through the Knox Box. If the Alexandria Fire Department chose to store the equipment and foam at the facility site, such storage would be at Alexandria's risk, we will not provide any security beyond what we actually provide to the facility itself. In addition, in the highly unlikely event that the equipment is used to respond to an incident at the Norfolk Southern ethanol transload facility, Norfolk Southern would replace any used foam. We estimate, using your figures, that the contribution discussed in this paragraph amounts to nearly \$90,000. In addition, we understand your desire to train Alexandria fire fighters in dealing with railroad emergencies of all kinds. We would be pleased to support your members at the Transportation Technology Center, Inc. (TTCI) Emergency Response Training Center.

Some items in the Needs Assessment are not required or are or should be otherwise available to the Alexandria Fire Department or to surrounding mutual aid communities. For example, according to the manufacturer, the foam has a shelf life of 20-25 years, when properly stored, so the Alexandria Fire Department should not have a great concern with regard to foam supply rotation. Any Fire Department vehicle with a trailer hitch should be available to pull the delivery system trailer, so a Ford F450 pickup truck that would be dedicated solely to the towing of the delivery system trailer seems to us not necessary. We believe that we have a fully developed bulk spill containment system at the facility. Further, a bulk spill response vehicle and spill fire control equipment most likely are already justified for the Alexandria Fire Department and the surrounding mutual aid jurisdictions due to the already existing movement of non-ethanol bulk commodities moving through those jurisdictions. Because we would not own the delivery system, foam or other equipment, and because these would be available to Alexandria and its surrounding mutual aid jurisdictions for general use, we are disinclined to provide depreciation.

Norfolk Southern values the relationship we have developed with the Alexandria Fire Department, seeks to strengthen that relationship, and further our mutual safety mission. We believe that what we have offered in this letter, together with the design/build of the facility itself, constitutes a very strong commitment to ensuring adequate fire protection. We look forward to continuing to work with you and putting to bed any final issues you regard to this facility.

Sincerely,



Doug McNeil
Director Distribution Services
Norfolk Southern Railway

cc: David Lawson, Vice President Industrial Products
Michael Webb, Manager Distribution Services
John A. Edwards, Senior General Attorney

Attachment I

From: McNeil, Doug
Sent: Wednesday, May 14, 2008 11:27 PM
To: 'Adam.Thiel@alexandriava.gov'
Cc: John.North@alexandriava.gov; Byron Andrews III; Webb, Mike; Edwards, John, V; Jordan, A. Gayle; Lawson David; Wingo, William B.; Chapman, Robin C.; Reiner, James E.
Subject: RE: Detailed Alexandria FD Ethanol Fire/Spill Response Equipment List
Attachments: ETHANOL RESPONSE EQUIPMENT.XLS

Adam Thiel

As a follow up to our conference call on May 9, 2008, Norfolk Southern has reviewed the attached list of Ethanol Fire/Spill Response Equipment and Supplies provided by the Alexandria Fire Department. In summary this list includes:

Dedicated F450 Tow Vehicle with utility body
Foam Trailer with two loaded 330 gallon totes
Set of Foam Nozzle/Eductors
Monitoring/Spill Control Equipment

Because neither Alexandria nor any of the surrounding mutual aid jurisdictions have this equipment, we plan to contribute these as well as the 1,640 gallons of AR-AFFF foam on hand at the Norfolk Southern ethanol transloading facility to the Alexandria Fire Department for general purpose use. Further, we recognize some efficiencies could be gained by storing some of these items at the Norfolk Southern site, and would offer that to you at no cost. If the Alexandria Fire Department chooses to store any equipment and/or foam at the facility site, such storage would be at Alexandria's risk; we will not provide any security beyond what we actually provide to the facility itself. In the highly unlikely event that the equipment is used to respond to an incident at the Norfolk Southern ethanol transload facility, Norfolk Southern would replace any used foam. In addition, we understand your desire to train Alexandria fire fighters in dealing with railroad emergencies of all kinds. We would be pleased to sponsor one attendee per year at the Transportation Technology Center, Inc. ("TTCI") Emergency Response Training Center.

Norfolk Southern continues to value the relationship we have developed with the Alexandria Fire Department. We believe that what we have offered, together with the design/build of the facility itself, constitutes a very strong commitment to ensuring adequate fire and spill protection. We look forward to continuing to work with you to provide fact based information to the community.

Douglas P. McNeil
Director Government & Distribution Services
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 823-5421

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 15, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: NORFOLK SOUTHERN CORPORATION ETHANOL
TRANSLOADING FACILITY

In mid-April the Norfolk Southern Corporation (NSC) began operation of an ethanol transloading terminal at their Van Dorn Intermodal Facility located behind the Waste to Energy plant. The NSC property is accessible from Metro Road, which runs between Eisenhower Avenue and Van Dorn Street (Attachment 1).

When we learned that the NSC intended to open this facility in April, City staff met to discuss our concerns about the impact of such an operation on the community and what could be done by the City government to ensure the safety and security of nearby residents and workers, and to protect our environmental assets.

City representatives from the Alexandria Fire Department, and its Code Enforcement Bureau and Emergency Management Office, the Transportation and Environmental Services Department and the Planning and Zoning Department have met with representatives of NSC and discussed the operation of the terminal, as well as City concerns about the safety, environmental and truck hauling issues that may arise.

In our discussions with Norfolk Southern we have encouraged them to meet with the community to discuss their new ethanol operation. City representatives from the Fire Department and Emergency Management will also attend.

Norfolk Southern's Ethanol Transloading Operation

Ethanol is a grain-based fuel that is used as a motor fuel and fuel additive. Ethanol cannot travel in pipelines along with gasoline, because it picks up excess water and impurities. As a result it must be transported by trucks, trains or barges. Transloading means transferring bulk shipments from the vehicle/container in one mode of transportation (railcars) to another mode (tanker trucks) at a terminal interchange point.

NSC ships liquid ethanol via rail car to the transloading facility, where the material is off-loaded by the railroad's contractor into tanker trucks for final delivery to gasoline tank farms in Springfield and in Fairfax City. A perimeter fence surrounds the NSC transloading facility and, according to NSC, the active transloading track has the capacity

to handle a maximum of 20 railroad tank cars. An NSC contractor oversees the transfer of ethanol directly from the railcars into tanker trucks (one tank car serves approximately four trucks).

Currently, about 16 trucks use the terminal each day, five days a week. This number is based on initial operations, and could change depending on the level of business in the terminal at any given time. According to NSC, the current hours of operation for the facility range from 6:00 a.m. to 7:00 p.m., with transloading occurring from 7:00 a.m. to 6:00 p.m., and truck arrivals/departures taking place from 6:00 a.m. to 7:00 p.m. Similarly, these hours are dependent on the amount of business in the terminal at any given time, and if the operation were to expand, the maximum hours of service would be 24 hours a day, seven days a week.

Currently, only one train is transloaded at the facility per day, and switch service for trains is provided from 5:00 p.m. to 5:00 a.m. five days a week. However, train arrivals may occur any day of a seven-day week, or at any hour of the day, based on volume, and crew availability.

Zoning/Legal Issues

While we are opposed to and have concerns about this type of facility, the City Attorney advised us that the federal Surface Transportation Board (STB) recently issued a decision that preempts local zoning laws that would regulate or prohibit such railroad transloading operations, including laws requiring a special use permit for the operation. The STB is the successor to the Interstate Commerce Commission as the federal agency with oversight of railroad operations. This decision is authorized pursuant to the Commerce Clause of the U.S. Constitution, and the Interstate Commerce Commission Termination Act of 1995 (the Act).

The City Attorney determined that the STB has unequivocally preempted local zoning regulation even if a contractor, and not the railroad itself, handles the transloading, provided that the contractor is acting as the agent of the railroad and is taking delivery or loading a bulk product, without making significant processing changes to the material at the rail site.

However, under the Act, the City is able to enforce traditional health and safety codes, such as building and fire prevention and hazardous materials regulations, so long as such codes regulate the manner in which the use is conducted, are reasonably objective in the standards imposed, are not applied in a discriminatory fashion, and will not have the effect of unreasonably preventing the use.

Safety Issues

Safety is of utmost concern to the City. NSC informed staff that in order to be prepared for potential spills of ethanol they have created primary and secondary containment areas, installed a grounded, bonded, and monitored product transfer system, and added several

fire hydrants and eye wash stations. NSC also has installed additional fencing around the transloading area and has provided a shed that contains a quantity of the foam needed for a fire incident. Water cannot be used on ethanol fires. Fighting ethanol fires requires a special type of firefighting foam, which is more expensive than conventional foam.

Following a series of discussions between the Fire Department and NSC over the last few weeks, NSC has agreed to provide the specialized equipment and supplies (including additional quantities of the foam discussed above) that we need. NSC will also help provide our Fire Department with the training needed to safely and effectively handle any incident involving large quantities of ethanol. We appreciate NSC's positive response to our requests.

We are currently discussing with NSC specific truck hauling routes and the preparation of a stormwater pollution and prevention plan as required by the state Department of Environmental Quality.

We will be sending a copy of this letter to the business and citizen associations located nearby. We will keep City Council and community members informed as other information becomes available.

cc: Richard Baier, Transportation and Environmental Services Director
Tony Castrilli, Communications Director
John Catlett, Code Enforcement Director
Michele Evans, Deputy City Manager
Faroll Hamer, Planning and Zoning Director
Mark Jinks, Deputy City Manager
Steve Mason, Special Assistant to the City Manager
Ignacio Pessoa, City Attorney
Adam Thiel, Fire Chief
David Lawson, Vice President, Norfolk Southern Corporation
Robin Chapman, Manager of Public Relations, Norfolk Southern Corporation
Doug McNeil, Director, Distribution Services, Norfolk Southern Corporation
Anthony Griffin, Fairfax County Executive
William Symonds, Alexandria Superintendent of Schools

City of Alex

MEMO

DATE: MAY 15, 2008

TO: THE HONORABLE MAYOR

FROM: JAMES K. HARTMANN,

SUBJECT: NORFOLK SOUTHERN CORP.
TRANSLOADING FACILITY

In mid-April the Norfolk Southern Corporation announced plans to build a new ethanol transloading terminal at their Van Dorn Industrial Energy plant. The NSC property is accessed from Eisenhower Avenue and Van Dorn Street.

When we learned that the NSC intended to build this terminal, we discussed our concerns about the impact of such a facility on the surrounding community. We discussed what could be done by the City government to ensure the safety of the residents and workers, and to protect our environment.

City representatives from the Alexandria Police Department, Fire Bureau and Emergency Management Office, and the Planning and Zoning Services Department and the Planning and Zoning Commission met with representatives of NSC and discussed the concerns about the safety, environmental and community impacts of the proposed facility.

In our discussions with Norfolk Southern Corporation, we encouraged the community to discuss their new ethanol operations with the Planning and Zoning Services Department and Emergency Management Office.

Norfolk Southern's Ethanol

Ethanol is a grain-based fuel that is used as an additive to gasoline for travel in pipelines along with gasoline, because it is not compatible with As a result it must be transported by truck. The terminal is designed for transferring bulk shipments from the vehicle (railcars) to another mode (tanker trucks).

to handle a maximum of 20 railroad tank cars ethanol directly from the railcars into tanker (four trucks).

Currently, about 16 trucks use the terminal based on initial operations, and could change terminal at any given time. According to NSO facility range from 6:00 a.m. to 7:00 p.m., with 6:00 p.m., and truck arrivals/departures taking. Similarly, these hours are dependent on the a given time, and if the operation were to expand 24 hours a day, seven days a week.

Currently, only one train is transloaded at the trains is provided from 5:00 p.m. to 5:00 a.m. may occur any day of a seven-day week, or a crew availability.

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fire hydrants and eye wash stations. NSC also has installed additional fencing around the transloading area and has provided a shed that contains a quantity of the foam needed for a fire incident. Water cannot be used on ethanol fires. Fighting ethanol fires requires a special type of firefighting foam, which is more expensive than conventional foam.

Following a series of discussions between the Fire Department and NSC over the last few weeks, NSC has agreed to provide the specialized equipment and supplies (including additional quantities of the foam discussed above) that we need. NSC will also help provide our Fire Department with the training needed to safely and effectively handle any incident involving large quantities of ethanol. We appreciate NSC's positive response to our requests.

We are currently discussing with NSC specific truck hauling routes and the preparation of a stormwater pollution and prevention plan as required by the state Department of Environmental Quality.

We will be sending a copy of this letter to the business and citizen associations located nearby. We will keep City Council and community members informed as other information becomes available.

cc: **Richard Baier, Transportation and Environmental Services Director**
Tony Castrilli, Communications Director
John Catlett, Code Enforcement Director
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David Lawson, Vice President, Norfolk Southern Corporation
Robin Chapman, Manager of Public Relations, Norfolk Southern Corporation
Doug McNeil, Director, Distribution Services, Norfolk Southern Corporation
Anthony Griffin, Fairfax County Executive
William Symonds, Alexandria Superintendent of Schools



Operating Subsidiary, Norfolk Southern Railway Company

May 7, 2008

Mr. Adam K. Thiel
Fire Chief
Alexandria Fire Department
900 Second Street
Alexandria, VA 22314-1395

Re: Norfolk Southern Railway Company's
Ethanol Transloading Facility Alexandria, Virginia

Dear Mr. Thiel:

Over the past several weeks Norfolk Southern and the Alexandria Fire Department representatives have had several very constructive discussions concerning Norfolk Southern's ethanol transloading facility in Alexandria, Virginia. In part, those discussions have resulted in the placement of the Knox Box rapid-entry key system, allowing the Alexandria Fire Department access to the facility at any time of any day. We view this as an important development in what has become a very strong working relationship. We thank you for your involvement and review towards our mutual goal of safety. This letter responds to your inquiry with regard to certain operations, and further to your letter of April 29, 2008.

The facility is available for service 24 hours per day, 7 days per week, but the current operational needs only require us to operate it from 7:00 a.m. to 6:00 p.m. Monday through Friday. What this means is that we generally open the facility to trucks at 6:00 a.m., though of course these trucks are empty. Although most trucks arrive grouped in the morning, due to the exigencies of the transloading operation they leave spaced out throughout the day. Under current operations, the last loaded truck may leave after 6:00 p.m., but generally no later than 7:00 p.m. The rail switching operations to support the transload hours usually are at night – generally from 5:00 p.m. to 5:00 a.m., Monday night through Saturday morning, but the nature of railroad operations is such that the facility must take the traffic when available. As an integral part of our railroad network, we make this particular facility available to all customers, but currently traffic moves out of the facility destined for Springfield, VA and Fairfax, VA, generally via Interstate 95. Of course, if business expands or the customer base changes, then we will respond to that in service hours and rail switching requirements.

We are keenly aware of your safety mission, particularly as it involves the increased levels of ethanol transportation – not only from our facility but generally from a variety of sources as a result of the economic, governmental and international conditions. Given the presence of our facility in the community, we would be pleased to advance your ability to deal with this, and use as reference the Alexandria Fire Department Ethanol Needs Assessment Equipment/Supplies/Training list that you provided to us.

The primary ethanol fire fighting agent is alcohol-resistant aqueous film forming foam (AR-AFFF). We have acquired a significant quantity (1,640 gallons) of Ansulite 3x3 AR-AFFF, as well as a specialized container for long-term storage of the same. We now understand from discussions with you that neither the Alexandria Fire Department nor any of the surrounding mutual aid jurisdictions have the necessary delivery system to apply the foam. We are acquiring such a delivery system and foam nozzles/eductors.

Mr. Adam K. Thiel
May 7, 2008
Page 2

Because neither Alexandria nor any of the surrounding mutual aid jurisdictions have the necessary delivery system, nozzles/eductors and requisite supply of AR-AFFF, we anticipate contributing these to the Alexandria Fire Department for general purpose use. Further, we recognize some efficiencies could be gained by storing those items at the Norfolk Southern ethanol transload facility site, and would offer that to you at no cost. In case the Alexandria Fire Department would need the equipment and foam for response within Alexandria or in one of its mutual aid jurisdictions, the Alexandria Fire Department would have access to it through the Knox Box. If the Alexandria Fire Department chose to store the equipment and foam at the facility site, such storage would be at Alexandria's risk; we will not provide any security beyond what we actually provide to the facility itself. In addition, in the highly unlikely event that the equipment is used to respond to an incident at the Norfolk Southern ethanol transload facility, Norfolk Southern would replace any used foam. We estimate, using your figures, that the contribution discussed in this paragraph amounts to nearly \$90,000. In addition, we understand your desire to train Alexandria fire fighters in dealing with railroad emergencies of all kinds. We would be pleased to sponsor an attendee at the Transportation Technology Center, Inc. ("TTCI") Emergency Response Training Center.

Some items on the Needs Assessment are not required or are or should be otherwise available to the Alexandria Fire Department or its surrounding mutual aid communities. For example, according to the manufacturer, the foam has a shelf life of 20-25 years, when properly stored, so the Alexandria Fire Department should not have a great concern with regard to foam supply rotation. Any Fire Department vehicle with a trailer hitch should be available to pull the delivery system trailer, so a Ford F450 pick up truck that would be dedicated solely to the towing of the delivery system trailer seems to us not necessary. We believe that we have a fully developed bulk-spill containment system at the facility. Further, a bulk-spill response vehicle and spill/fire control equipment most likely are already justified for the Alexandria Fire Department and the surrounding mutual aid jurisdictions due to the already existing movement of non-ethanol bulk commodities moving through those jurisdictions. Because we would not own the delivery system, foam or other equipment, and because these would be available to Alexandria and its surrounding mutual aid jurisdictions for general use, we are disinclined to provide depreciation.

Norfolk Southern values the relationship we have developed with the Alexandria Fire Department, seeks to strengthen that relationship, and further our mutual safety mission. We believe that what we have offered in this letter, together with the design/build of the facility itself, constitutes a very strong commitment to ensuring adequate fire protection. We look forward to continuing to work with you and putting to bed any final issues with regard to this facility.

Sincerely,



Doug McNeil
Director Distribution Services
Norfolk Southern Railway

cc: David Lawson, Vice President Industrial Products
Michael Webb, Manager Distribution Services
John V. Edwards, Senior General Attorney



FIRE DEPARTMENT
900 Second Street
Alexandria, Virginia 22314-1395

Adam K. Thiel
Fire Chief

Phone (703) 838-4600
Fax (703) 838-5093

April 29, 2008

Mr. Michael A Webb
Manager Distribution Services
Southern Region
Norfolk Southern Corporation
Three Commercial Place, Box 252
Norfolk, VA 23510

Dear Mr Webb:

The City of Alexandria (City) is keenly interested in working with the Norfolk Southern Corporation (NS) to ensure adequate fire protection for the bulk ethanol transloading terminal located at the NS Van Dorn Intermodal Facility. Recognizing Norfolk Southern's commendable effort to design/build this facility with safety in mind, there are a number of remaining issues that must be addressed to help assure the City's ability to protect life, property, and the environment in case of an incident involving bulk quantities of ethanol at the facility.

As we discussed during our meeting on Friday, April 25, 2008, this letter provides the current needs assessment—based on information about the ethanol transloading operation that your group provided last Friday—of City staff from the Fire Department (AFD), AFD Code Enforcement Bureau (Code), AFD Office of Emergency Management (OEM), Planning and Zoning Department (P&Z), and Transportation and Environmental Services Department (T&ES). At your request, this communication is presented as an overview, but we are certainly available to discuss the details at your earliest convenience.

Fire Department (AFD)

After our meeting last Friday, AFD staff conducted a site visit to the facility and completed installation of the facility keys into the Knox Box™ rapid-entry key system. This site visit confirmed the City's need for additional equipment, supplies, and training to safely and effectively handle an incident involving bulk quantities of ethanol. The principal need is for a delivery system to apply a sufficient flow of alcohol-resistant aqueous film forming foam (AR-AFFF) to an ethanol spill/fire on the facility; neither the AFD nor the surrounding mutual-aid jurisdictions currently possess an appropriate delivery system. Large quantities of AR-AFFF must also be secured/maintained in a ready state and routinely replaced according to the manufacturer's recommendation (i.e., when the expiration date is reached). The City requires additional spill response equipment/supplies to protect the environment, especially adjacent waterways, from a bulk

ethanol release. Specialized training to contain/confine/extinguish ethanol releases/spills/fires is also needed for AFD and mutual-aid firefighters (Fairfax and Arlington Counties), as well as for members of the Alexandria/Arlington Hazardous Materials Response Team. Our estimate for providing the requisite equipment/supplies/training to protect the NS ethanol transloading terminal is \$321,020; with a recurring annual maintenance (i.e., equipment depreciation, ongoing training, and rotating expired AR-AFFF) cost of \$50,000.

AFD Code Enforcement Bureau (Code)

Code staff met with Mr. Tony Rosenthal of RSI Logistics (Norfolk Southern's terminal manager) on Monday, April 28, 2008. Generally speaking, the facility is in compliance with Section 3406 of the Fire Prevention Code (FPC). Remaining issues include: 1) confirmation of grounding compliance for the offloading track rails; 2) confirmation of secondary containment capacity; 3) new fire hydrant flushing/finalization; 4) provision of material safety data sheets (MSDS) for the 1500 gallon foam reserve stored on-site; and 5) development/review/approval of a comprehensive fire safety and evacuation plan for the facility, as required by Section 404 of the FPC.

AFD Office of Emergency Management (OEM)

As discussed during our meeting, OEM staff will meet with Mr. Rosenthal to conduct a homeland security threat assessment of the facility, and will include it in the City's overall emergency management planning process. Additional recommendations could result from these activities and will be shared with NS as soon as possible.

Transportation and Environmental Services Department (T&ES)

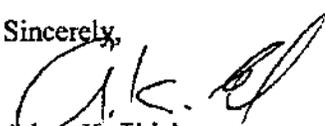
During our meeting, T&ES staff raised two issues: 1) the requirement for bulk tank trucks leaving the facility to obtain haul permits from T&ES; and 2) the need for a stormwater pollution and prevention plan as required by the state Department of Environmental Quality (DEQ).

One final issue concerns the ongoing need for collaboration between NS and the City to provide accurate information for our community concerning the NS Van Dorn Intermodal Facility and ethanol transloading terminal.

In summary, the City looks forward to working in partnership with NS to protect your investment, our citizens, infrastructure, and the environment. Since ethanol transloading operations are underway at your facility, we know NS will continue viewing this matter with a sense of urgency and I look forward to our next discussion and/or meeting.

Please feel free to contact me anytime via email (adam.thiel@alexandriava.gov) or mobile phone (703.898.0838).

Sincerely,


Adam K. Thiel
Fire Chief

**Cc: James K. Hartmann, City Manager
Michele R. Evans, Deputy City Manager
Mark Jinks, Deputy City Manager
Ignacio B. Pessoa, City Attorney
George A. McAndrews, Assistant City Attorney
John Catlett, Code Enforcement Director
Faroll Hamer, Planning and Zoning Director
Stephen Milone, Planning and Zoning Division Chief
Richard Baier, Transportation and Environmental Services Director
William Skrabak, Transportation and Environmental Services Division Chief
Mark Penn, Emergency Management Coordinator
John North, AFD Battalion Chief**

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 25, 2008

TO: IGNACIO B. PESSOA, CITY ATTORNEY

FROM: ROBERT B. RODRIGUEZ, CHIEF FIRE MARSHAL

**THROUGH: JOHN CATLETT, DIRECTOR, CODE ENFORCEMENT
ADAM K. THIEL, FIRE CHIEF**

**SUBJECT: FIRE PROTECTION AND OPERATIONAL ISSUES RELATING TO A
PROPOSED NORFOLK SOUTHERN ETHANOL TRANSFER FACILITY**

The purpose of this memorandum is to provide some discussion items that relate to fire protection and fire operational issues should a rail car to tank car ethanol transfer facility be located in the City of Alexandria. As discussed in a meeting with the City Manager recently, Norfolk Southern Corporation has engaged in a number of conversations with various City officials and agencies which indicate a desire to operate an ethanol transfer facility at their former intermodal yard located on Metro Road in the West end of the City. As of the writing of this memorandum, it is my understanding that the facility proposes to operate Monday through Saturday from 9:00 am to 6:00 pm. The facility would have a capability to store ten rail cars filled with ethanol on site and transfer this product to approximately forty trucks a day. These trucks would then depart the facility and deliver this product to several area tank farms including the Newington and Fairfax City tank farms.

The site for the proposed facility is located in the 1000 block of Metro Road. The facility is located across from the Summers Grove town home community, the Newton Asphalt plant and the Cameron Station community as well as Samuel Tucker Elementary School. The site abuts properties for the Van Dorn Street Metro station; United Parcel Service; the Covanta Waste to Energy plant; the Police Firing Range, the City Impound lot and the proposed Victory Center office complex. Backlick Run passes along this site and feeds into Cameron Run just past the Norfolk Southern railroad bridge.

A target hazard assessment conducted by staff has identified a number of critical fire protection issues within a one mile radius of the site. Should a major fire or hazardous materials emergency occur at the proposed facility, the initial impact of such an incident would affect approximately 2000 homes; on going infrastructure and environmental recycling processes; City government operations as they relate to law enforcement and vehicle impoundment activities; and interstate commerce. Retail, commercial and educational activities would also be impacted in the immediate vicinity if a significant incident were to occur. Immediate properties and operations affected include Metrorail, Virginia Railway Express, Amtrak, CSX and Norfolk Southern rail traffic; local roads and interstate

Memo to I.Pessoa frm R.Rodriguez

Re: Fire Protection And Operational Issues Relating To A Proposed Norfolk Southern Ethanol Transfer Facility

Page 2 of 4

highway traffic; Backlick Run and Cameron Run waterways; United Parcel Service; Covanta Waste to Energy Plant; City Impound lot and Police range; and the Summers Grove town home community. Secondary properties affected include the Cameron Station community; Samuel Tucker Elementary School; Virginia Paving Asphalt Plant; Vulcan Plant; Van Dorn and Pickett Street commercial and residential properties.

Ethanol is classified as a flammable liquid (Class 1B). It has a flash point of 55 degrees Fahrenheit and a boiling point of 173 degrees Fahrenheit. It is a polar solvent, alcohol based fuel which is miscible in water and does not respond well to traditional fire fighting foams. As a result, fire protection features and fire operations tactics and strategies must be specialized in order to properly mitigate any emergencies that can potentially occur on the property.

Because ethanol is an alcohol based fuel, special alcohol based foam is required to fight any type of fire involving this product. The foam must be in ample supply and deployed through the proper delivery system in order to be effective. In addition to fighting a fire, the issue of foam and product run off into Backlick and Cameron Runs complicate the matter. Because ethanol is miscible in water, traditional diking methods associated with petroleum run off will be ineffective. Most likely a site containment berm combined with recovery equipment to immediately reclaim runoff is essential to reducing the environmental impact of such an incident. Lastly, because the transfer process utilizes specialized equipment, operations staff must be very familiar with all aspects of this type of operation in order to address fuel and equipment shutoffs in addition to firefighting concerns.

Based on the discussion above, the Fire Department is faced with two challenges. The first is on site fire protection and prevention. Stopping or mitigating the majority of an incident prior to the arrival of the fire department is the best option in this type of scenario. The issue of jurisdiction as it relates to building and fire code enforcement by a locality on railroad property needs to be reviewed and determined. At present, it is the opinion of our Code Enforcement staff that this proposed operation falls outside the authority of the Uniform Statewide Building Code and the Virginia Statewide Fire Prevention Code as there is no on site storage. The mere transfer of product from one mode of transportation to another raises the question "Is this an extension of interstate commerce or not?" The answer to this question needs to be determined so that the level of enforcement and oversight can be addressed during further discussions. That said, should an ethanol transfer facility become a reality, the facility should comply with a number of fire protection and prevention measures. These general measures are outlined below. More specific details can be provided upon request:

- Provide improved water supply and infrastructure improvements to address fire flow demands for the facility;
- Provide spill containment facilities which protect surrounding waterways during transfer operations;
- Install on-site fire protection equipment including portable master streams and associated

Memo to I.Pessoa from R.Rodriguez

Re: Fire Protection And Operational Issues Relating To A Proposed Norfolk Southern Ethanol Transfer Facility

Page 3 of 4

infrastructure; fixed fire protection designed for ethanol based fuels; and an ample supply of foam for alcohol based firefighting;

- Provide increased site security including vehicle impact protection and perimeter fencing;
- Upgrade and install explosion proof electrical equipment on site;
- Eliminate all sources of static electricity;
- Install hazardous materials and informational signage at approved locations;
- Provide a Fire Department Rapid Entry System;
- Eliminate all smoking on site;
- Install an approved vapor recovery system for fuel transfer operations;
- Obtain an annual Fire Prevention Permit and submit to annual and semi-annual inspections by Code Enforcement staff;
- Conduct yearly safety surveys with Alexandria Fire Department Operations personnel;
- Provide pre-planning and emergency response plans to the City for review and approval;
- Conduct annual training drills with staff from the Fire Operations Division and employees;
- Maintain up to date Material Safety Data Sheets and pre-plan procedures;

The second challenge faced by the Fire Department relates to emergency operations at the proposed facility. Currently the Alexandria Fire Department does not have the resources or capability to effectively manage an incident at an ethanol transfer facility within a first alarm assignment. While resources can be pulled from our surrounding jurisdictions through our mutual aid agreements, there will be a significant delay in getting those resources to this facility. This will result in any incident rapidly expanding which will necessitate use of large scale resources to mitigate the emergency and conduct evacuations of the surrounding target hazards mentioned earlier. The Alexandria Fire Department must have sufficient resources immediately available in order to quickly contain any incident and minimize the life safety risk and economic impact to citizens and businesses in the immediate area. In order to accomplish this, I propose the following equipment and training be provided by Norfolk Southern Corporation in consultation with the Alexandria Fire Department. Said equipment and training would be fully funded from a special revenue account established for and paid by Norfolk Southern Corporation. This account would cover initial outlays of expenditures for equipment and training, as well as continued funding for re-supply of material, replacement of equipment, and refresher training courses for personnel.

In order to manage an ethanol emergency at the Norfolk Southern facility, the Alexandria Fire Department will require:

- A Foam Unit equipped to deliver Class B, AR-AFFF type foam on board with automatic nozzles similar to foam units utilized by area airports;
- Training for fire operations staff in the use of the above foam unit and foam firefighting operations;
- A Foam Trailer or Foam Tender which will provide additional containers of foam concentrate to supplement scene operations on large scale emergencies;

Memo to I.Pessoa frm R.Rodriguez

Re: Fire Protection And Operational Issues Relating To A Proposed Norfolk Southern Ethanol Transfer Facility

Page 4 of 4

- A Spill Response Vehicle and equipment which is capable of handling large spills of product at the facility;
- Provide a minimum of 500 gallons of reserve foam concentrate at an approved location as stipulated by the Alexandria Fire Department;
- Annual funding to cover replenishment and disposal of foam supplies which approach their expiration date;
- Four training slots annually for Alexandria Fire Department personnel to attend a tank car specialist school currently held in Pueblo, Colorado;
- Norfolk Southern communications equipment, emergency contact information, and site plans readily available for use by operations personnel;
- A remote electrical disconnect switch at entrance to site to secure power to transfer operation area
- Leased space to store the above equipment for an interim period of at least five years until the construction and operation of Fire Station 210. In addition, should City funds limit the creation of bay space within Station 210 for storage of the above equipment, Norfolk Southern Corporation will contribute additional funding to the City in order to provide the construction of the necessary bay space within this fire station.

Costs associated with the above requirements are projected at \$2 million dollars. These initial cost outlays are general estimates as of the writing of this memorandum; however, staff can provide more detailed estimates should they be required at a later date.

In summary, an ethanol transfer facility in the City of Alexandria will present a significant fire operations problem. The problem must be addressed through strong on site fire protection measures and fire prevention inspection activities coupled with immediately available fire fighting equipment that is specialized in handling alcohol based fuel emergencies. Such emergencies necessitate rapid intervention by highly trained personnel in order to minimize the hazards to life safety and commerce in the surrounding areas. Only through the above measures can the Alexandria Fire Department hope to continue to maintain and preserve the City's valuable building stock in the presence of this type of operation. Please feel free to contact me if you have any questions or need further information on this matter.

Cc: James K. Hartmann, City Manager
Michele Evans, Deputy City Manager
Correspondence File



FIRE DEPARTMENT I
900 Second Street
Alexandria, Virginia 22314-1395

Adam K. Thiel
Fire Chief

Phone (703) 838-4600
Fax (703) 838-5093

April 29, 2008

Mr. Michael A Webb
Manager Distribution Services
Southern Region
Norfolk Southern Corporation
Three Commercial Place, Box 252
Norfolk, VA 23510

Dear Mr Webb:

The City of Alexandria (City) is keenly interested in working with the Norfolk Southern Corporation (NS) to ensure adequate fire protection for the bulk ethanol transloading terminal located at the NS Van Dom Intermodal Facility. Recognizing Norfolk Southern's commendable effort to design/build this facility with safety in mind, there are a number of remaining issues that must be addressed to help assure the City's ability to protect life, property, and the environment in case of an incident involving bulk quantities of ethanol at the facility.

As we discussed during our meeting on Friday, April 25, 2008, this letter provides the current needs assessment—based on information about the ethanol transloading operation that your group provided last Friday—of City staff from the Fire Department (AFD), AFD Code Enforcement Bureau (Code), AFD Office of Emergency Management (OEM), Planning and Zoning Department (P&Z), and Transportation and Environmental Services Department (T&ES). At your request, this communication is presented as an overview, but we are certainly available to discuss the details at your earliest convenience.

Fire Department (AFD)

After our meeting last Friday, AFD staff conducted a site visit to the facility and completed installation of the facility keys into the Knox Box™ rapid-entry key system. This site visit confirmed the City's need for additional equipment, supplies, and training to safely and effectively handle an incident involving bulk quantities of ethanol. The principal need is for a delivery system to apply a sufficient flow of alcohol-resistant aqueous film forming foam (AR-AFFF) to an ethanol spill/fire on the facility; neither the AFD nor the surrounding mutual-aid jurisdictions currently possess an appropriate delivery system. Large quantities of AR-AFFF must also be secured/maintained in a ready state and routinely replaced according to the manufacturer's recommendation (i.e., when the expiration date is reached). The City requires additional spill response equipment/supplies to protect the environment, especially adjacent waterways, from a bulk

ethanol release. Specialized training to contain/confine/extinguish ethanol releases/spills/fires is also needed for AFD and mutual-aid firefighters (Fairfax and Arlington Counties), as well as for members of the Alexandria/Arlington Hazardous Materials Response Team. Our estimate for providing the requisite equipment/supplies/training to protect the NS ethanol transloading terminal is \$321,020; with a recurring annual maintenance (i.e., equipment depreciation, ongoing training, and rotating expired AR-AFFF) cost of \$50,000.

AFD Code Enforcement Bureau (Code)

Code staff met with Mr. Tony Rosenthal of RSI Logistics (Norfolk Southern's terminal manager) on Monday, April 28, 2008. Generally speaking, the facility is in compliance with Section 3406 of the Fire Prevention Code (FPC). Remaining issues include: 1) confirmation of grounding compliance for the offloading track rails; 2) confirmation of secondary containment capacity; 3) new fire hydrant flushing/finalization; 4) provision of material safety data sheets (MSDS) for the 1500 gallon foam reserve stored on-site; and 5) development/review/approval of a comprehensive fire safety and evacuation plan for the facility, as required by Section 404 of the FPC.

AFD Office of Emergency Management (OEM)

As discussed during our meeting, OEM staff will meet with Mr. Rosenthal to conduct a homeland security threat assessment of the facility, and will include it in the City's overall emergency management planning process. Additional recommendations could result from these activities and will be shared with NS as soon as possible.

Transportation and Environmental Services Department (T&ES)

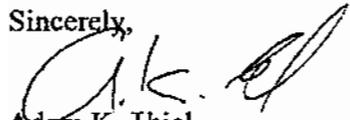
During our meeting, T&ES staff raised two issues: 1) the requirement for bulk tank trucks leaving the facility to obtain haul permits from T&ES; and 2) the need for a stormwater pollution and prevention plan as required by the state Department of Environmental Quality (DEQ).

One final issue concerns the ongoing need for collaboration between NS and the City to provide accurate information for our community concerning the NS Van Dorn Intermodal Facility and ethanol transloading terminal.

In summary, the City looks forward to working in partnership with NS to protect your investment, our citizens, infrastructure, and the environment. Since ethanol transloading operations are underway at your facility, we know NS will continue viewing this matter with a sense of urgency and I look forward to our next discussion and/or meeting.

Please feel free to contact me anytime via email (adam.thiel@alexandriava.gov) or mobile phone (703.898.0838).

Sincerely,


Adam K. Thiel
Fire Chief

Cc: James K. Hartmann, City Manager
Michele R. Evans, Deputy City Manager
Mark Jinks, Deputy City Manager
Ignacio B. Pessoa, City Attorney
George A. McAndrews, Assistant City Attorney
John Catlett, Code Enforcement Director
Faroll Hamer, Planning and Zoning Director
Stephen Milone, Planning and Zoning Division Chief
Richard Baier, Transportation and Environmental Services Director
William Skrabak, Transportation and Environmental Services Division Chief
Mark Penn, Emergency Management Coordinator
John North, AFD Battalion Chief

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 18, 2008

TO: IGNASIO PESOA, CITY ATTORNEY

FROM: ROBERT B. RODRIGUEZ, CHIEF FIRE MARSHAL

**THROUGH: JOHN CATLETT, DIRECTOR, CODE ENFORCEMENT
ADAM K. THIEL, FIRE CHIEF**

**SUBJECT: FIRE PROTECTION AND OPERATIONAL ISSUES RELATING TO A
PROPOSED NORFOLK SOUTHERN ETHANOL TRANSFER FACILITY**

The purpose of this memorandum is to provide some discussion items that relate to fire protection and fire operational issues should a rail car to tank car ethanol transfer facility be located in the City of Alexandria. As discussed in a meeting with the City Manager recently, Norfolk Southern Corporation has engaged in a number of conversations with various City officials and agencies which indicate a desire to operate an ethanol transfer facility at their former intermodal yard located on Metro Road in the West end of the City. As of the writing of this memorandum, it is my understanding that the facility proposes to operate Monday through Saturday from 9:00 am to 6:00 pm. The facility would have a capability to store ten rail cars filled with ethanol on site and transfer this product to approximately forty trucks a day. These trucks would then depart the facility and deliver this product to several area tank farms including the Newington and Fairfax City tank farms.

The site for the proposed facility is located in the 1000 block of Metro Road. The facility is located across from the Summers Grove town home community, the Newton Asphalt plant and the Cameron Station community as well as Samuel Tucker Elementary School. The site abuts properties for the Van Dorn Street Metro station; United Parcel Service; the Covanta Waste to Energy plant; the Police Firing Range, the City Impound lot and the proposed Victory Center office complex. Backlick Run passes along this site and feeds into Cameron Run just past the Norfolk Southern railroad bridge.

A target hazard assessment conducted by staff has identified a number of critical fire protection issues within a one mile radius of the site. Should a major fire or hazardous materials emergency occur at the proposed facility, the initial impact of such an incident would affect approximately 2000 homes; on going infrastructure and environmental recycling processes; City government operations as they relate to law enforcement and vehicle impoundment activities; and interstate commerce. Retail, commercial and educational activities would also be impacted in the immediate vicinity if a significant incident were to occur. Immediate properties and operations affected include Metrorail, Virginia Railway Express, Amtrak, CSX and Norfolk Southern rail traffic; local roads and interstate

Memo to I.Pessoa frm R.Rodriguez

Re: Fire Protection And Operational Issues Relating To A Proposed Norfolk Southern Ethanol Transfer Facility

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highway traffic; Backlick Run and Cameron Run waterways; United Parcel Service; Covanta Waste to Energy Plant; City Impound lot and Police range; and the Summers Grove town home community. Secondary properties affected include the Cameron Station community; Samuel Tucker Elementary School; Virginia Paving Asphalt Plant; Vulcan Plant; Van Dorn and Pickett Street commercial and residential properties.

Ethanol is classified as a flammable liquid (Class 1B). It has a flash point of 55 degrees Fahrenheit and a boiling point of 173 degrees Fahrenheit. It is a polar solvent, alcohol based fuel which is miscible in water and does not respond well to traditional fire fighting foams. As a result, fire protection features and fire operations tactics and strategies must be specialized in order to properly mitigate any emergencies that can potentially occur on the property.

Because ethanol is an alcohol based fuel, special alcohol based foam is required to fight any type of fire involving this product. The foam must be in ample supply and deployed through the proper delivery system in order to be effective. In addition to fighting a fire, the issue of foam and product run off into Backlick and Cameron Runs complicate the matter. Because ethanol is miscible in water, traditional diking methods associated with petroleum run off will be ineffective. Most likely a site containment berm combined with recovery equipment to immediately reclaim runoff is essential to reducing the environmental impact of such an incident. Lastly, because the transfer process utilizes specialized equipment; intimate knowledge of rail and tank car components and procedures; operations staff must be very familiar with all aspects of this type of operation in order to address fuel and equipment shutoffs in addition to firefighting concerns.

Based on the discussion above, the Fire Department is faced with two challenges. The first is on site fire protection and prevention. Stopping or mitigating the majority of an incident prior to the arrival of the fire department is the best option in this type of scenario. The issue of jurisdiction as it relates to building and fire code enforcement by a locality on railroad property needs to be reviewed and determined. At present, it is the opinion of our Code Enforcement staff that this proposed operation falls outside the authority of the Uniform Statewide Building Code and the Virginia Statewide Fire Prevention Code as there is no on site storage. The mere transfer of product from one mode of transportation to another raises the question "Is this an extension of interstate commerce or not?" The answer to this question needs to be determined so that the level of enforcement and oversight can be addressed during further discussions. That said, should an ethanol transfer facility become a reality, the facility should comply with a number of fire protection and prevention measures. These general measures are outlined below. More specific details can be provided upon request:

- Provide improved water supply and infrastructure improvements to address fire flow demands for the facility;
- Provide spill containment facilities which protect surrounding waterways during transfer operations;
- Install on-site fire protection equipment including portable master streams and associated

Memo to I.Pessoa from R.Rodriguez

Re: Fire Protection And Operational Issues Relating To A Proposed Norfolk Southern Ethanol Transfer Facility

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infrastructure; fixed fire protection designed for ethanol based fuels; and an ample supply of foam for alcohol based firefighting;

- Provide increased site security including vehicle impact protection and perimeter fencing;
- Upgrade and install explosion proof electrical equipment on site;
- Eliminate all sources of static electricity;
- Install hazardous materials and informational signage at approved locations;
- Provide a Fire Department Rapid Entry System;
- Eliminate all smoking on site;
- Install an approved vapor recovery system for fuel transfer operations;
- Obtain an annual Fire Prevention Permit and submit to annual and semi-annual inspections by Code Enforcement staff;
- Conduct yearly safety surveys with Alexandria Fire Department Operations personnel;
- Provide pre-planning and emergency response plans to the City for review and approval;
- Conduct annual training drills with staff from the Fire Operations Division and employees;
- Maintain up to date Material Safety Data Sheets and pre-plan procedures;

The second challenge faced by the Fire Department relates to emergency operations at the proposed facility. Currently the Alexandria Fire Department does not have the resources or capability to effectively manage an incident at an ethanol transfer facility within a first alarm assignment. While resources can be pulled from our surrounding jurisdictions through our mutual aid agreements, there will be a significant delay in getting those resources to this facility. This will result in any incident rapidly expanding which will necessitate use of large scale resources to mitigate the emergency and conduct evacuations of the surrounding target hazards mentioned earlier. The Alexandria Fire Department must have sufficient resources immediately available in order to quickly contain any incident and minimize the life safety risk and economic impact to citizens and businesses in the immediate area. In order to accomplish this, I propose the following equipment and training be provided by Norfolk Southern Corporation in consultation with the Alexandria Fire Department. Said equipment and training would be fully funded from a special revenue account established for and paid by Norfolk Southern Corporation. This account would cover initial outlays of expenditures for equipment and training, as well as continued funding for re-supply of material, replacement of equipment, and refresher training courses for personnel.

In order to manage an ethanol emergency at the Norfolk Southern facility, the Alexandria Fire Department will require:

- A Foam Unit equipped to deliver Class B, AR-AFFF type foam on board with automatic nozzles similar to foam units utilized by area airports;
- Training for fire operations staff in the use of the above foam unit and foam firefighting operations;
- A Foam Trailer or Foam Tender which will provide additional containers of foam concentrate to supplement scene operations on large scale emergencies;

Memo to I.Pessoa from R.Rodriguez

Re: Fire Protection And Operational Issues Relating To A Proposed Norfolk Southern Ethanol Transfer Facility

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- A Spill Response Vehicle and equipment which is capable of handling large spills of product at the facility;
- Provide a minimum of 500 gallons of reserve foam concentrate at an approved location as stipulated by the Alexandria Fire Department;
- Annual funding to cover replenishment and disposal of foam supplies which approach their expiration date;
- Four training slots annually for Alexandria Fire Department personnel to attend a tank car specialist school currently held in Pueblo, Colorado;
- Norfolk southern communication equipment, emergency contact information, and site plans readily available for use by operations personnel;
- A remote electrical disconnect switch at entrance to site to secure power to transfer operation area
- Leased space to store the above equipment for an interim period of at least five years until the construction and operation of Fire Station 210. In addition, should City funds limit the creation of bay space within Station 210 for storage of the above equipment, Norfolk Southern Corporation will contribute additional funding to the City in order to provide the construction of the necessary bay space within this fire station.

Costs associated with the above requirements are projected at \$2 million dollars. These initial cost outlays are general estimates as of the writing of this memorandum; however, staff can provide more detailed estimates should they be required at a later date.

In summary, an ethanol transfer facility in the City of Alexandria will present a significant fire operation problem. The problem must be addressed through strong on site fire protection measures and fire prevention inspection activities coupled with immediately available fire fighting equipment that is specialized in handling alcohol based fuel emergencies. Such emergencies necessitate rapid intervention by highly trained personnel in order to minimize the hazards to life safety and commerce in the surrounding areas. Only through the above measures can the Alexandria Fire Department hope to continue to maintain and preserve the City's valuable building stock in the presence of this type of operation. Please feel free to contact me if you have any questions or need further information on this matter.

Cc: James K. Hartmann, City Manager
Michele Evans, Deputy City Manager
Correspondence File

Richard Josephson/Alex
01/18/2008 05:36 PM

To Ignacio Pessoa/Alex@Alex
cc
bcc
Subject Ethanol Site Map

Ignacio,

FYI, the nearest home in Summers Grove would be located approximately 110 feet from the proposed ethanol transfer operation (trailer parking area) and approximately 900 feet from the proposed rail off-loading area. The access Road into the facility is Metro Road, which is immediately adjacent to the Summers Grove townhouse development. Additionally, the off-loading area is located approximately 250 feet from the field at Cameron Station, 300 feet from new townhouses in Cameron Station and approximately 640 feet from Samuel Tucker Elementary School. See attached slide.

Rich



Ethanol Site Map.ppt

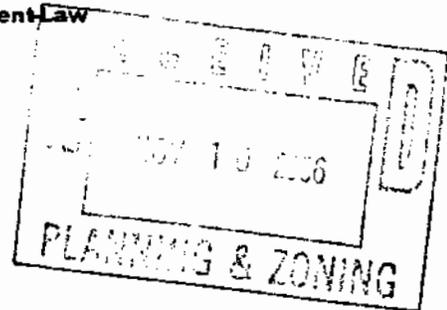


Michelle



Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241

William A. Galanko
Vice President-Law



Writer's Direct Dial Number

(757) 629-2374
(757) 533-4943 (FAX)
E-mail: william.galanko@nscorp.com

November 7, 2006

Mr. Rich Josephson
Deputy Director
Department of Planning and Zoning
City of Alexandria
301 King Street
Alexandria, VA 22314

Dear Mr. Josephson:

This follows up on my letter to you dated September 18, 2006, concerning the Norfolk Southern Railway Company ethanol transload facility in Alexandria, Virginia. I do not believe that Norfolk Southern has received any response to that letter, but I did want to make sure that I touched base with you and keep you up to date as we progress.

We now anticipate initiating necessary terminal improvements (previously reviewed with appropriate city officials) soon after Thanksgiving. Although most of this work will be transparent to others (for example, additional engineering work), there will be some surveyors and others working around the property. We now believe that the terminal improvements will be completed sometime after January 2007, but our work in the coming couple of months will give us a better idea of the exact date.

Please let me know if there is anything further I can provide you. I remain available to speak with you concerning this.

Respectfully,

William A. Galanko
Vice President - Law

cc: David Lawson

11/26/07

Proposed Ethanol Offloading Facility at Norfolk-Southern Rail Yard

Introduction:

A meeting was held on November 8, 2007 at the Norfolk Southern Rail Yard, which is located off of Metro Road between Eisenhower Avenue and South Van Dorn Street. The meeting was attended by Deputy Fire Marshals Duane Perry, Darryl Stanton, and Assistant Fire Marshal Russell Furr. The purpose of the meeting was to discuss the proposed use of the rail yard for the offloading of ethanol fuel directly from rail car to highway tanker. This is private property regulated by the railroad to which the City of Alexandria has no enforcement authority. Norfolk Southern provided an educational briefing on how exactly the process will function. The target date to begin the operation has been identified as April of 2008. Norfolk Southern already has similar facilities in operation in Baltimore, MD and Petersburg, VA.

The following are the highlights from the meeting:

- Ethanol fuel will be transported by rail car into the yard and will be directly offloaded onto highway fuel tankers by means of an electronic pump transfer.
- Ethanol is classified as a flammable liquid and behaves much like gasoline in a fire situation. NFPA recommends the same firefighting procedures for ethanol based fuels as are recommended for gasoline. One unique characteristic of pure ethanol is that it burns with a very pale blue flame, which is nearly invisible. It also behaves like most alcohol based fuels in that it is not compatible with normal foam used to fight hydrocarbon based fires. Alcohol fuel fires require alcohol resistant foam that is designed to work with alcohols and polar solvents. Norfolk Southern has agreed to provide up to 1600 gallons of AFFF type foam in portable containers to be stored on site for use by the Alexandria Fire Department. Currently, the fire department already carries this type of foam on most of the units. The foam will be stored on site in a trailer near the main entrance gate off of Metro Road. Ethanol has a flash point of 55 degrees Fahrenheit; a boiling point of 173 degrees Fahrenheit and its explosive limits are between 3.3% and 19%; specific gravity is 0.79 and it is miscible in water. It appears as clear liquid with a weak odor.
- Norfolk Southern is adding 4 hydrants to the site accessed from an 8 inch main to the site. They were given contact information for Maurice Jones and are consulting with him on this task. The hydrant installation is currently in progress.
- The pumping operation will be a "bottom offload" taken from piping at the bottom of the rail car. The pump is an electric type pump driven by a 25 HP explosion proof motor. The pumps and tanks will be bonded and grounded while transfer operations are taking place. Additionally, there will be an encapsulated vapor recovery system in place and a secondary containment area will be provided around the transfer site to contain any spills (approximately 29,000 gallons).

- There are proposed to be 3 pumps on site. According to staff, each pump can fill a tanker in approximately 30 minutes, which would yield approximately 6 tankers per hour.
- Environmental concerns: Spills will be contained in the secondary containment. Norfolk Southern has their own environmental contractor that they would use to clean up any spills on site. The operation is expected to produce minimal noise to surrounding communities from the actual operation, however it is likely that there will be a substantial increase in road traffic and noise from the additional traffic created by the tankers entering and leaving the site (approximately 25-30 tankers a day, up to 40 maximum). They will then be accessing the interstates by Eisenhower Ave and Van Dorn Street, with Summers Grove being the closest current residential area of concern. Staff has advised that tankers will be contained to the site and will not sit idle on the roadway. A site assessment reveals that there should be enough room to contain at least 6 tankers on the site. There will also probably be some minor increase in rail traffic. Noise to Cameron Station should be minimal, as normal rail cars staging in this area would block a substantial amount of the noise created by the operation. Operations would be performed on a Monday-Friday from 0700-1800, which may increase to weekends also, but there are no specific plans. There will be no night operations expected. There will be fire extinguishers at each pump area and drip pans will be in place under connections. No obnoxious vapors or fumes are expected to be produced as there will be an encapsulated vapor recovery system on site. The only vapors which may be present are when equipment connections are broken, which will be minimal. Spill containment equipment will also be provided on site in the form of absorbent booms and spill drums with seal mats.
- Security concerns: There are two access points to the property. The property is surrounded by chain link fence and gates are locked after hours. Additionally, Norfolk Southern Police routinely patrol their properties. There will be no additional on site security after hours, other than the routine patrols.
- Norfolk Southern is in the process of producing a spill and safety plan for the site. A sample plan was obtained for the Baltimore Facility.
- Additional requests: Requests have been made to have a hazardous materials Knox box installed at the front gate, which will contain site contact information and site specific information. We have also requested that an NFPA 704 placard be placed on the gate to identify the hazard. We have also requested NO SMOKING signs at each fueling location and requested that an emergency electrical shut off switch be located at the small existing office located near the front gate, in the event of a catastrophic pump failure where it is necessary to shut power down to the site.

Norfolk Southern Proposed Ethanol Transfer Facility Synopsis.

- July 12, 2006 – Staff conducted a survey of the property in response to contact by Norfolk Southern regarding a proposed ethanol transfer facility at the vacant intermodal yard at Metro Road. The survey included photographs and recommendations for fire protection features / equipment and response issues.
- August 9, 2006 – Director Art Dahlberg, Deputy Fire Marshal Duane Perry, and representatives from Norfolk Southern met concerning the proposed facility. Deputy City Manager Mark Jinks is also believed to be in attendance. The content of the meeting involved:
 - General discussion of the proposed facility;
 - Staff listened to the concept of the proposed facility;
 - Staff not sure VSFPC and USBC have jurisdiction on railroad property;
 - Staff informed Norfolk Southern that they must contact Planning and Zoning concerning this proposal;
 - Staff notified Norfolk Southern that they would be responsible for all community outreach concerning this proposal.
- November 8, 2007 – Staff met with Norfolk Southern representatives at their request. Norfolk Southern advised that the proposed facility would be in operation in April 2008. Staff asked questions concerning the proposed operation, associated processes and walked the site to get a better understanding of the project. Norfolk Southern offered staff an opportunity to conduct a field trip at the Baltimore facility to gain a better understanding of the project. Staff discussed in general the placement of a foam trailer with Norfolk Southern, if one was to be provided. Staff notified the Chief Fire Marshal of the meeting and was directed to prepare a paper brief which detailed what was being proposed. In addition, concern over citizen issues was discussed. Upon receipt of the brief, the Chief Fire Marshal would discuss the matter with the Director.
- November 19, 2007 – Fire Operations is informed of proposed ethanol facility by firefighters from Fairfax County during a multi-jurisdictional drill.
- November 20, 2007 – Alexandria's Hazmat Team is informed of proposed facility by Fire Ops.
- November 28, 2007 – The Chief Fire Marshal presented the brief to the Director of Code Enforcement for review with a recommendation that it be shared with Planning and Zoning.

- December 3, 2007 – The Chief Fire Marshal sent an e-mail to the Director of Planning and Zoning and the Deputy Director of Planning and Zoning informing them of the proposed use and attached the brief paper.
- Week of December 10, 2007 – Norfolk Southern contacted the Fire Protection Systems Unit and advised them that they had installed several fire hydrants on their property. The FPS Supervisor advised the City may not have permit authority for the hydrant installations on railroad property. An inspector was dispatched to the property. One hydrant was determined to be code compliant.
- Week of December 17, 2007 – FPS staff did a courtesy inspection and hydrostatic test of all hydrants on the Norfolk Southern property.
- Week of December 23, 2007 – FPS staff did a flow test of the Norfolk Southern hydrants at the request of Fire Operations in order to determine water availability at the site.
- January 2, 2008 – A Norfolk Southern engineer contacts the Fire Prevention office to inquire about purchasing and mounting a Knox Box at the facility.
- January 3, 2008 – An order from the Fire Chief was received ceasing all further involvement with Norfolk Southern in this matter.
- January 4, 2008 – A phone call from Norfolk Southern was received by the FPS Supervisor. Norfolk Southern was advised that he could not comment or assist any further. The Norfolk Southern representative was directed to contact the City Manager's Office for further details.

Baltimore Ethanol Transfer Facility Tour – During the meeting with Fire Prevention staff on November 8, 2007 staff was offered an opportunity to tour a similar facility in Baltimore. After fire operations were notified of the proposed ethanol facility in mid-November, staff from the Fire Prevention Office attempted to make arrangements for the tour. Several voice mail messages were left with Norfolk Southern representatives prior to January 3, 2008. As of January 3, 2008 and at no time there after has there been a response from Norfolk Southern concerning a date or a confirmed offer to tour the Baltimore facility.



Norfolk Southern Corporation
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William A. Galanko
Vice President/Law

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E-mail: william.galanko@nscorp.com

September 18, 2006

Via Overnight Mail

Mr. Rich Josephson
Deputy Director
Department of Planning and Zoning
City of Alexandria
301 King Street
Alexandria, VA 22314

Dear Mr. Josephson:

David Lawson has asked me to respond to your e-mail of August 25, 2006, concerning the Norfolk Southern Railway Company transload facility in Alexandria, Virginia. As you are aware, Norfolk Southern intends to modify this railroad operating facility to receive rail cars and to transload ethanol from those rail cars to trucks. Norfolk Southern will operate the facility through a contractor. You have ventured that this use would be a use not permitted under the current UT zoning, and thus Norfolk Southern could only modify and operate the facility under a special use permit. The transload facility, however, is quintessentially a rail transportation facility that will be used by a freight rail common carrier subject to the jurisdiction of the U.S. Surface Transportation Board ("STB") in order to perform transportation operations. As such, pursuant to 49 U.S.C. § 10505(b), the UT zoning ordinance is preempted to the extent that it would require a permit or a special use permit to be issued before modification and/or operation.

The facility will be merely an adaptation of the former so-called Alexandria Intermodal Facility, which property has a long history of use for various railroad purposes. It will be open to any Norfolk Southern customer seeking ethanol transloading as a part of the Norfolk Southern transportation service package. Norfolk Southern already has received several indications of interest from its customers. The facility will not be devoted to any particular customer. Norfolk Southern will commence work in the very near future, and anticipates that the facility will be open no later than January 2007.

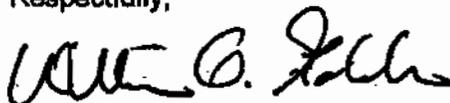
We believe it important to be a good corporate citizen – to work with local officials in order to address concerns that might arise in the modification and operation of our facilities, and we believe we have achieved that here. Accordingly, since June 19, 2006, Norfolk Southern has met with, and provided facility plans to, various Alexandria officials. This includes Mayor Bill Euille, City Manager Jim Hartmann and Deputy City Manager Mark Jinks, as well as D.T. Perry and Art Dahlberg from the Alexandria Fire Department. We have integrated all modifications proposed by Alexandria fire officials to address perceived safety and fire concerns, including but not limited to special spill containment facilities, additional fire hydrant locations (including a mobile fire hydrant), foam capability, and additional portable fire extinguishers. The facility will be fenced, gated and secured, and will be operated in a safe manner in conformance with any applicable health and safety requirements.

Having said that, however, we do note that the Interstate Commerce Commission Termination Act ("ICCTA") provides that the jurisdiction of the Surface Transportation Board ("STB") over "transportation by rail carriers" and the construction and operation of rail facilities "is exclusive." 49 U.S.C. § 10501(b). Further, the ICCTA provides that, "except as otherwise provided in this part, the remedies provided under this part with respect to regulation of rail transportation are exclusive and preempt the remedies provided under Federal or State law." *Id.* "Transportation" is defined as including rail cars, warehouses, wharfs, piers, yards, property, facilities "or other equipment of any kind related to the movement of passengers or property, or both, by rail ... and ... services related to that movement, including receipt, delivery, elevation; transfer in transit, ... storage, handling, and interchange of passengers and property..." 49 U.S.C. § 10102(9). ICCTA was passed in an effort to strengthen the rail transportation system by reducing the regulation of railroads and other modes of surface transportation. See 49 U.S.C. § 10101. Application of this section preempts Alexandria's zoning statute to the extent that it would require any permit prior to the modification or operation of the facility.

Courts have repeatedly invoked 49 U.S.C. § 10501(b) as a basis for preemption of state and local zoning, land use planning and permit requirements in the construction of rail facilities to be operated by or on behalf of rail carriers. See City of Auburn v. United States Government 154 F.3d 1025 (9th Cir. 1998), cert. denied, 119 S.Ct. 2367 (1999) (relating to the construction of a rail line); Canadian National Railway Co. v. City of Rockwood, Civ. Case No. 04-40323 (U.S. District Court, E.D. of Michigan, Opinion and Order Granting Preliminary Injunction) (activities taking place at a transload facility are considered "transportation," relating to the preemption of permit requirements for the construction and operation of a transload facility); Norfolk Southern Railway Company, et al. v. City of Austell, et al. 1997 WL 1113647 (N.D. Ga., 1997) (intermodal facility). There are several other cases along similar lines.

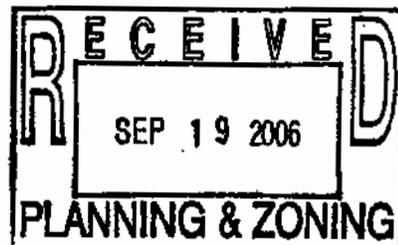
These decisions, and the statute that they interpret, implement Congress' expressed intention to preempt such regulations that may stand as an obstacle to an interstate rail carrier's ability to construct facilities or conduct interstate rail operations. Nevertheless, we believe it incumbent upon us to work with the local community to address its concerns. We have done so in the past and we will continue to do so where it makes sense in modifying the facility and opening it on a timely basis to operation. Please let me know if there is anything further I can provide you. Further, if desired, I will be happy to speak with your legal counsel concerning this matter.

Respectfully,



William A. Galanko
Vice President - Law

cc: David Lawson



> From: IgnacioPessoa@hotmail.com
> To: william.galanko@nscorp.com
> Subject: Ethanol Transloading
> Date: Fri, 20 Oct 2006 14:01:06 -0400

>
> Dear Mr. Galanko:

>
> I have reviewed your letter of September 18, 2006, in which Norfolk Southern claims that Alexandria's zoning authority over the proposed "NS ethanol facility" is preempted by the ICCTA. The City of Alexandria does not agree, and rejects your claim of exemption.

>
> Preemption is applicable only to "transportation by rail carriers." In the City's view, the proposed use will be a fuel distribution facility which, albeit on railroad property, is owned and operated not by a rail carrier, but by an independent entity, e.g., RSI Logistics or Quality Transload, which will transact business under its own name. Accordingly, federal preemption would not be applicable, and the use will be required to comply with the Alexandria Zoning Ordinance. I would point out, in addition, that filing a special use permit application under a reservation of rights would not be deemed a waiver of any claim or defense under federal preemption law.

>
> Please call me at 703-838-4433 if you have any questions. I will be back in Alexandria on Wednesday, October 25th.

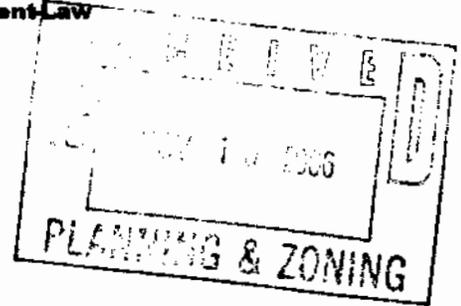
>
> Very truly yours,

>
> Ignacio Pessoa
> City Attorney



Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241

William A. Galanko
Vice President - Law



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E-mail: william.galanko@nscorp.com

November 7, 2006

Mr. Rich Josephson
Deputy Director
Department of Planning and Zoning
City of Alexandria
301 King Street
Alexandria, VA 22314

Dear Mr. Josephson:

This follows up on my letter to you dated September 18, 2006, concerning the Norfolk Southern Railway Company ethanol transload facility in Alexandria, Virginia. I do not believe that Norfolk Southern has received any response to that letter, but I did want to make sure that I touched base with you and keep you up to date as we progress.

We now anticipate initiating necessary terminal improvements (previously reviewed with appropriate city officials) soon after Thanksgiving. Although most of this work will be transparent to others (for example, additional engineering work), there will be some surveyors and others working around the property. We now believe that the terminal improvements will be completed sometime after January 2007, but our work in the coming couple of months will give us a better idea of the exact date.

Please let me know if there is anything further I can provide you. I remain available to speak with you concerning this.

Respectfully,

William A. Galanko
Vice President - Law

cc: David Lawson