

Environmental Narrative
Kalispell Rail Park

Submitted by:
Flathead County Economic Development Authority
December 19, 2011

A. Beneficiaries

Montana Sustainable Building Systems

Pete Kobelt

1005 Baker Ave., Suite G

Whitefish, MT 59937

Wood Panel Building Construction (Commercial and Residential)

Cenex Harvest States

Mark Lalum, General Manager

150 1st Avenue West North

P.O. Box 579

Kalispell, MT 59903

Grain Elevator, Fertilizer, Seed, Herbicides, Farm and Ranch Retail, Propane

Northwest Drywall & Building Supply Inc.

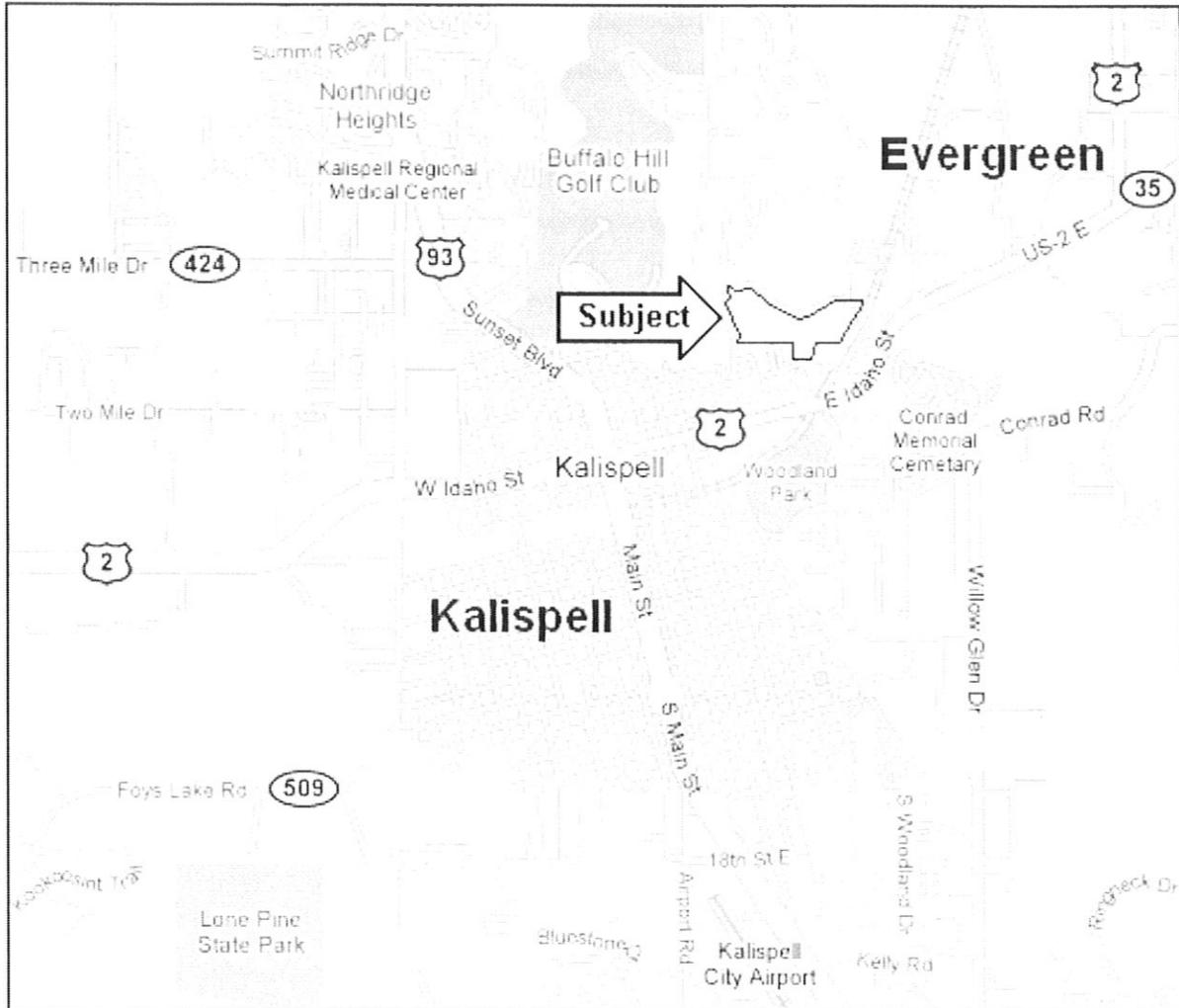
Pam Mower

160 8th Avenue WN

Kalispell, MT 59901

Vendor to the construction industry that supplies gypsum board and roofing materials

Area Map

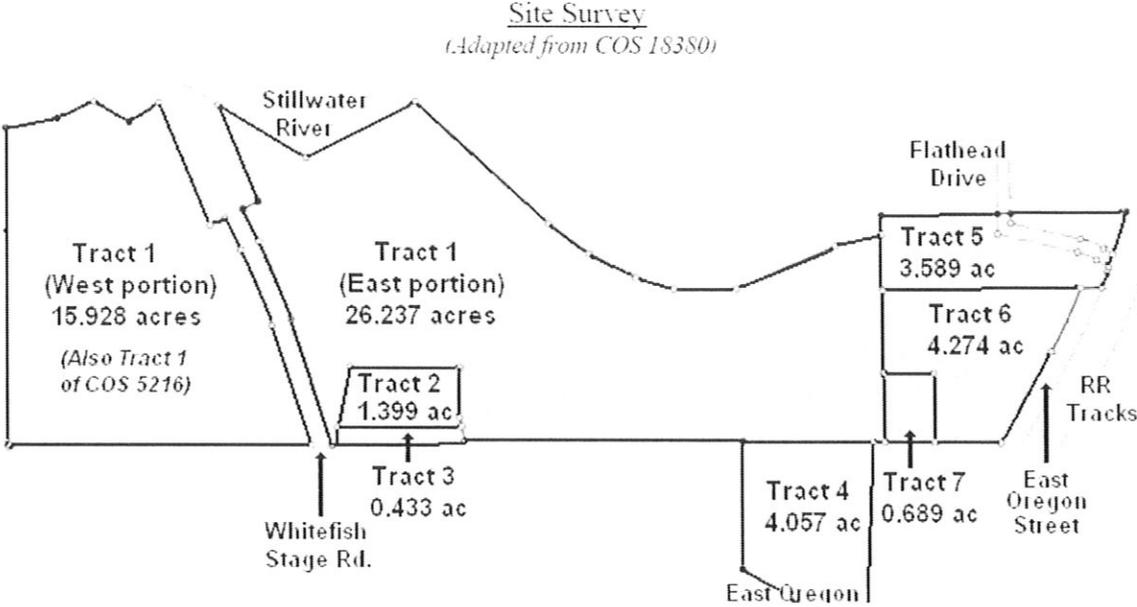


Vicinity Aerial (2009)



B. Project Description

The 40.678 acres that Flathead County Economic Development Authority are proposing to purchase from Knife River included 26.237 acres of Tract 1 and Tracts 2, 3, 4, 5, 6 and 7 of Certificate Survey No. 18380 in the northwest quarter and the northwest quarter of the northeast quarter of Section 8, Township 28 North, Range 21 West in Flathead County. The parcels are 2821X08-XXX-5, -5BA, -5B, -4, -301B, -30S and -301CA and are currently owned by Knife River Corporation. Flathead County Economic Development Authority is proposing to purchase the property on the east side of Whitefish Stage Road.



The property was a gravel pit for at least 75 years until the deposits were exhausted. There is frontage on Whitefish Stage Road on the west. The east and south portions of the property have access to Flathead Drive and East Oregon Street and is 700 feet from U.S. Highway 2.

Reclamation Plan-It is adjacent to the Burlington Northern Santa Fe line. The site is outside of the floodplain except where it crosses the Stillwater River in the northwest corner. The property is zoned for Heavy Industrial use and is in an area of mixed commercial, residential and heavy industrial land uses. The area of the site is generally flat; however past gravel mining has significantly altered the land surface elevations. Land cover consists of large expanses of exposed gravel and soil, some grass covered areas, small areas of asphalt and concrete pavement, and asphalt and concrete wasted. **The property has been remediated according to the Montana Department of Environmental Quality Reclamation Plan requirements.**

The entire Montana Department of Environmental Quality Reclamation Plan for the Knife River Gravel Pit is attached in Appendix D. Highlights include:

- Existing topsoil will be conserved and additional topsoil will be brought to the site, evenly distributed on the slopes and maintained and controlled to minimize channeling and erosion.
- If necessary, earthen berms or other erosion control devices will be used to prevent sedimentation and control water drainage.
- All slopes will be graded to a 3:1 or flatter slope.
- The slopes will be sealed with clay and a 4"+ layer of soil to create a seed bed.
- All metal and other refuse will be hauled off and disposed of properly. Liquid petroleum based products and other toxic materials will be disposed of in a manner not to inhibit re-vegetation or cause water pollution.
- All slopes will be drill seeded on the contour and the seeds will be weed free and noxious weeds will be controlled.

Phase I and Phase II ESA-In November of 2011 a Phase II Environmental Site Assessment was completed to address the potential contaminant sources identified in the Phase I Environmental Site Assessment. During the ESA the following potential contaminant source were investigated:

- Contaminants (PCP and dioxin) of concern that may have migrated via groundwater flow onto the Site from the adjacent KRY State CECRA (Superfund) Facility;
- Petroleum hydrocarbons originating near the onsite Truck Repair Shop;
- Exterior sump at the Truck Repair Shop;
- Asbestos and Lead-Based Paint associated with onsite structures; and
- An onsite plastic-lined pit.

The results of the Phase II ESA were that all recommendations in the Phase II ESA were addressed and/or completed as follows:

- No additional groundwater investigation or sampling recommended at this time.
- Shallow excavation and offsite disposal of soils along the northwest side of the Truck Repair Shop to eliminate exposure risks associated with direct contact to soil or ingestion of contaminants that may leach to groundwater.
- Asbestos Containing Building Materials (ACBM) were removed when the three buildings containing asbestos were demolished. In total four buildings were removed from the site and disposed of according to law.
- No additional investigation or remediation of soils located within the lined pit was recommended.

Phase I and Phase II Updates-Additionally, Applied Water Consulting of Kalispell, Montana was hired by Flathead County Economic Development Authority to update the original Environmental Site Assessments and monitor the reclamation and remediation goals of the property seller.

Phase I ESA Update Findings, Recommendations and Results

The Update was completed January 9, 2012 and had the following recommendations. The Executive Summary is available in Appendix I and the entire document has been submitted to EDA.

The update identified one recognized environmental condition (REC) that was not previously documented and four environmental issues that were not previously described in the original Phase I ESA (AMEC Geometrix, Inc., March 2011).

The Phase I ESA Update states that the one REC not mentioned in the original ESA includes:

- An oil-water separator, connected to both the floor drain in the truck repair shop and the exterior sump, is located adjacent to the northwest corner of the diesel shop. The oil-water separator consists of two concrete tanks which are plumbed together. Each tank contains an internal baffle creating four individual chambers. All four of the chambers were full with a combination of oily water and sludge.

The Phase I ESA Update states that the four environmental issues not mentioned in the original ESA include:

- The Knife River gravel pit is regulated by the Montana DEQ. There are two active operating permits issued for the property. There are no current violations on record. Knife River is working closely with MT DEQ to conduct site reclamation. However, DEQ requires that the permittee demonstrate successful reclamation which necessitates two growing seasons to establish a vegetative cover. Therefore the earliest open bond could be released and the permit closed in the summer of 2013. However, a partial bond release could be obtained to allow for construction on the pit floor.
- There are two onsite septic systems. One septic tank will be pumped and then filled with inert material in accordance with Flathead County Health Department closure requirements. The second septic tank is associated with the one remaining building on the property. It will be pumped and maintained on a routine basis in accordance with standard FCHD septic system operational recommendations.
- Three onsite water supply wells not detected by the earlier assessments that were located during the onsite inspection. Two of the wells are located in the northwest corner of the facility. The third well is located adjacent to the KRY CECRA site boundary. *The groundwater sample collected from the 3rd well on June 22, 2006 did not report any contaminants were detected.* According to Moriah Bucy, Project Officer for KRY CECRA Site, DEQ is concerned that the use of this well has the potential to alter the groundwater flow direction and draw contaminants from the KRY CECRA site onto the subject property. The well should be plugged and abandoned in conformance with Montana Board of Water Well Contractor well construction rules.

- Some unlabeled 55-gallon drums were observed in and adjacent to the concrete batch plant building. The drums, contents unknown but assumed concrete making related material, were not leaking and were requested to be removed from the site.
- As previously acknowledge in the original Phase I ESA, groundwater and soil contamination originate from the KRY CECRA site has migrated beneath the northeast corner of the subject property and is considered and REC. The result of the Phase II ESA documented that free product is present on the water table in monitoring well KRY 111A and the groundwater is likely contaminated with PCP, dioxins/furan, manganese, iron and petroleum hydrocarbons at concentrations above DEQ water quality standards (AMEC Geometrix, Inc., November 2011).

According to Ms. Bucy, in 2009 and 201 the Montana Supreme Court determined and confirmed there are seven potential responsible parties (PRPs) for KRY CECRA. Allocation for cleanup was completely resolved. Knife River was not named as an PRP and therefore, DEQ does not intend to name them in the future. Should FCEDA acquire the Knife River Property it will be imperative that FCEDA remain abreast with regard to the development of the final remedial action plans proposed for the KRY CECRA site. Specific tasks that FCEDA should track include:

- Proposed alternatives for groundwater remediation that include the removal of light non-aqueous phase liquids (LNAPL) also referred to as free product, through the use of belt skimmers, passive skimmers, pumps, vacuum extraction or other methods. The placement of new recovery wells or extraction equipment could affect future development plans.
- Institutional controls such implementations of a Groundwater Control Area, restrictive covenants placed on property impacted or potentially impacted by the KRY CECRA site, and/or construction restrictions that may have influence on site development.

It is recommended that FCEDA staff closely communicate with Ms. Busy during the development of the remedial action plans to determine if any of the proposed remedial alternatives have the potential to interfere or conflict with the land-use activities planned for the Knife River property.

Phase II ESA Update Findings, Recommendations and Results

A Phase II ESA Update was completed by Applied Water Consulting (AWC) in January, 2012 as a result of one REC and four environmental concerns identified in the Phase I ESA Update. The Executive Summary is available in Appendix J and the entire document has been submitted to EDA.

AWC investigated and addressed the following potential contaminant sources a part of our Phase II tasks:

- An oil-water separator containing oily-water and sludge
- Closure of the onsite septic system serving the office/scale house
- Plugging and abandonment of a high capacity industrial supply well
- Disposition of unlabeled 55 gallon drums

The oil-water separator identified as a REC in the Phase I ESA Update was excavated and removed on Dec. 16, 2011. Inspection of the tank basin determined that no soil staining or odors were observed at the base of excavation. Two soil samples were collected beneath the bottom of the separator to document site conditions. A layer of gray to black stained soil was observed on the north wall of the excavation at a depth of five feet. Although the soil was discolored it did not have a petroleum odor. The result of laboratory analysis reported concentration of contaminants below threshold levels and no further analysis is necessary. The concrete debris was determined to be non-hazardous and disposed at the Flathead County Landfill.

Onsite septic tank closure- The office/scale house building was razed as part of the site cleanup activities. The content of the septic tank that served this building were pumped out and the tank filled with clean pit-run backfill. The tank has been abandoned in accordance with Flathead County regulations for onsite sewage treatment systems.

Plugging and Abandonment of a High-Capacity Industrial Supply Well- A high-capacity industrial supply well is located adjacent to the KRY CECRA site boundary. The well is completed in the alluvial aquifer and MT DEQ expressed concern that use of this well has the potential to alter the groundwater flow direction and draw contaminants from the KRY CECRA site onto the subject property. The drop pipe and pump were removed and the well casing was filled with granular bentonite chips from the bottom to the surface. A steel cap was welded on below grade in accordance with the Montana Board of Water Well Contractor standards.

Disposition of Unlabeled 55-Gallon Drums- Approximately 25 unlabeled 55-gallon drums were observed throughout the property. The drums are full or partially full of contents which were unable to be determined. None of the drums appeared to be leaking. Knife River Coproation personnel have transported the drums to the main operation plant located at 3131 Highway 2 East in Kalispell, Montana. The contents of the drum will be examined and characterized and the material either used or properly disposed.

The Phase II site assessment and closure tasks were successfully completed in accordance with applicable rule and guidelines. No further action is required with regard to the afore listed environmental concerns.

Agency Communication Summary

Attached in Appendix K are copies of communication between Flathead County Economic Development Authority, The City of Kalispell, the Montana Department of Environmental Quality, Applied Water Consulting and AMEC Geomatix, Inc. concerning the subject

property. The correspondence begins from December 12, 2011 when FCEDA began acting upon recommendations made in the original Phase II ESA as part of the organization's preparation to purchase the property.

Included are:

December 12, 2011 Moriah Bucy, Montana DEQ to Kellie Danielson, FCEDA

Subject: Original Phase II ESA and associated inaccuracies and FCEDA's responsibilities should the organization acquire the Knife River property.

December 12, 2011 Moriah Bucy, Montana DEQ to Katharine Thompson, City of Kalispell

Subject: Original Phase II ESA and associated inaccuracies

Inaccuracies in the Phase II ESA that are documented in this letter include a clarification from Montana DEQ concerning the Phase II ESA recommendation for any party purchasing the property to secure a letter of indemnification Montana DEQ concerning the KRY CECRA Site. MT DEQ clarifies that it is not a viable or necessary recommendation in the second to last paragraph of the letter.

December 16th, 2011 Moriah Bucy, Montana DEQ to Kellie Danielson, FCEDA Subject:

Liability for the cleanup of the KRY CECRA site

December 20, 2011 Adam Johnson and Chris Cerquone, AMEC Geomatrix, Inc. to Moriah Bucy, Montana DEQ

Subject: Response to the letters of December 12th identifying inaccuracies in the Original Phase II ESA

January 12-13, 2012 Moriah Bucy, Montana DEQ to Kellie Danielson, FCEDA and Roger Nobel, AWC to Moriah Bucy and Kellie Danielson

Subject: Well abandonment

1. Proposed Construction
There is no construction proposed.
2. Alternatives to the Proposed Project
There are no alternatives to this proposed property.
3. Mitigation
The project is to purchase reclaimed property and there are no plans for mitigation.

C. Historic/Archeological Resources

No historical properties/cultural resources are expected to be present. The SHPO comments are attached here in Appendix C. No buildings over 50 years exist. Highlights from the letter:

It is SHPO's position that any structure over fifty years of age is considered historic and is potentially eligible for listing on the National Register of Historic Places. If any structures are to be altered and are over fifty years old we would recommend that they be recorded and a determination of their eligibility be made.

As long as there will be no disturbance or alteration to structures over fifty years of age we feel that there is a low likelihood cultural properties will be impacted. We, therefore, feel that a recommendation for a cultural resource inventory is unwarranted at this time. However, should structures need to be altered or if cultural materials be inadvertently discovered during this project we would ask that our office be contacted and the site investigated.

D. Affected Environment

For the resource areas identified below, indicate potential direct, indirect, and cumulative impacts from proposed project activities and specify proposed measures to mitigate probable impacts.

1. Affected Area

Describe the general project area, including topography, historic land usages, unique geological features, and economic history. Provide site photographs if available.

Comment: The site contains 40.678 Acres and lies just outside of the City of Kalispell. The property is in an industrial complex that has been in use since the founding of Kalispell 120 years ago. It was originally the site of a dam along the Stillwater River for a lumber mill. It is bounded on the west by Whitefish Stage Road and the east by Burlington Northern Rail Road R/W and Flathead Drive. The Stillwater River abuts the NW corner of the site. The site has been operated as a continuous gravel extraction site since at least 1954. There were 5 buildings on the site including an inactive concrete batch plant, an office/weigh station, an older wood frame building, a steel-frame building currently used as a diesel engine repair shop and a Quonset hut used for storage. Geologically speaking, glacial stream processes deposited alluvial sand and gravel throughout much of this area. The soil is classified as Kalispell Gravely Loam, a well-drained soil consisting of gravely loams (0-30 inches) and stratified gravely loamy fine sand to gravel below 30 inches.

Before Flathead County Economic Development Authority purchases the property it will be remediated according to the Montana Department of Environmental Quality and will not necessarily resemble the photos attached here in that it will be smoothed to a 3:1 grade and remediated to DEQ standards. Four of the five buildings on the property have been removed. One steel structure building currently leased to Butch Barber Trucking will remain.

The immediate impact of the purchase of the property is that it will be remediated according to the Phase II ESA recommendations and the Montana DEQ requirements. Photos of the property before remediation are included in a separate document, Appendix H.

2. Shorelines, Estuaries, Beaches and Dunes

Identify any shorelines, beaches, dunes, or estuaries within or adjacent to the project site(s). Indicate whether the project is located within a designated coastal zone subject to the Coastal Zone Management Act. Information on coastal zone boundaries is available on the National Oceanic and Atmospheric Administration's (NOAA) website. Also indicate if there any proposed overwater structures that could impact navigable waters.

Comment: The site is over 500 miles from any coastal zone management area. No overwater structures are proposed. The site abuts the Stillwater River. Impacts will be discussed in #3 and 4 below.

3. Wetlands

Identify any wetlands within or adjacent to the project site(s). If available, provide an on-site wetland/waters delineation performed in accordance with the 1987 (or current version) US Army Corps of Engineers Wetland Delineation Manual, as amended. If the delineation has received a preliminary or final Jurisdictional Determination from the US Army Corps of Engineers (USACE), please provide the determination. Provide a determination of effects including the amount of jurisdictional waters affected by type (e.g. 1.1 acres of palustrine emergent wetlands would be impacted by the proposed project). If wetlands, streams, or navigable waters may be impacted, it is recommended that you contact USACE concerning any jurisdictional waters resources. Include any correspondence or comments from USACE related to the project's impacts as an exhibit to the environmental narrative.

Comment: Approximately 125 feet of the northwest corner of the site extends along the Stillwater River. This portion of the property has historically remained undeveloped. This area functions as a cottonwood and willow forest in the floodway of the river. The northwesterly most tip of this river frontage (a triangular area measuring 100 ft x 150 feet and containing roughly 7,500 square feet is within a designated national wetlands inventory. This portion of the site lies on a well-defined shelf below the original gravel extraction business. It is currently

in its natural condition and will continue to remain so. No development is proposed on this portion of the 42 acre site now or in the future.

4. Floodplains

Provide a FEMA floodplain map (with the map number and effective date) displaying the project location and boundaries, existing and proposed project components, and location of all sites and/or companies benefiting from the proposed project. The document should be of sufficient clarity for adequate interpretation of the applicant's intentions. Floodplain maps can be viewed and printed from FEMA's website. If FEMA floodplain maps do not exist in the project area, provide a letter from a Professional Engineer regarding the presence or absence of a 100-year floodplain. Indicate if the applicant's community participates in the National Flood Insurance Program.

Comment: Per the Kalispell Floodplain Official – Thomas R. Jentz, less than 1 acre of the northwest corner of the site is within the 100 year flood plain. The affected area is outside of any historical development and is not proposed to be developed or disturbed as part of this proposal. The floodplain within this area is marked by a well-defined bank immediately adjacent to the Stillwater River. Flood plain panel 30029C 1810G dated September 28, 2007 is attached in Appendix B. Flathead County participates in the National Flood Insurance Program.

5. Vegetation and Wildlife Resources

Identify native vegetation and wildlife found in the project area or its immediate vicinity. Describe the amount and type of vegetation in the project area and indicate the impact to vegetation if removed (e.g., 1.2 acres of early successional native hardwood forest). Identify any designated State and National Parks, National Wildlife Refuges, or National Game Preserves located on or in the vicinity of the proposed project activities. Identify any Wilderness Areas, as designated or proposed under the Wilderness Act, or wild or scenic rivers, as designated or proposed under the Wild and Scenic Rivers Act, that are located on or in the vicinity of the proposed project activities.

Vegetation comment: Less than 1 acre of vegetated floodplain consisting of willows, cottonwoods and low growing shrubs lies in the northwest corner of the site adjacent to the Stillwater River. This portion of the site has been historically undeveloped and no development activity or disturbance is proposed in this area. The entire remainder of the site is part of an historical and ongoing gravel extraction site. 100% of this area has been under continuous disturbance as part of these activities. There is no natural or native vegetation on this site.

Wildlife Resources comment: The site is 35 miles from the nearest National Park, wilderness area or Wild and Scenic River. In addition it is at least 10 miles from the closest National Game Preserve or National wildlife Refuge. Finally the site is 5 miles from the closest state park.

6. Endangered Species

Provide a list of all threatened, endangered, and candidate species located in the project area and its immediate vicinity. Identify these species' potential or existing habitat, and critical habitat designations in the project area. Critical habitat designations and lists of protected species by county are generally available on the U.S Fish and Wildlife Service (USFWS) website. If an Effect Determination or Biological Assessment has been completed for any of the species listed, please provide them. You may refer to the 1998 (or most current version, if revised) USFWS Endangered Species Consultation Handbook for effect determination definitions. Include any correspondence with the USFWS that exists related to your proposal for EDA investment assistance as an exhibit to the Environmental Narrative. For projects with possible impacts to marine/coastal species, provide any correspondence with the National Marine Fisheries Service (NMFS).

Comment: Less than 1 acre of vegetated floodplain consisting of willows, cottonwoods and low growing shrubs lies in the northwest corner of the site adjacent to the Stillwater River. This portion of the site has been historically undeveloped and no development activity or disturbance is proposed in this area. The entire remainder of the site is part of an historical and ongoing gravel extraction site. 100% of this area has been under continuous disturbance (56 years) as part of these activities. There is no natural or native vegetation or wildlife habitat on the remainder of the site.

The U.S. Fish and Wildlife Service were contacted and a list of endangered and threatened species on or near the property has been requested. There only comment was "Concerning the Railroad Business Park adjacent to Whitefish Stage Road: the only federally listed species that may be present in the area is the threatened bull trout (*Salvelinus confluentus*), which uses the Stillwater River as a migratory corridor between Flathead Lake and its spawning areas in headwater streams in the Whitefish Mountain Range. No critical habitat occurs in the area, and no other listed species are known or expected to be present." (See Appendix E)

7. Land Use and Zoning

Describe the present formal zoning designation and current land use of the specific project site and adjacent land parcels. These areas include: the site of construction activities, adjacent areas, and areas affected by the primary beneficiaries. Land uses to be considered include, but are not limited to, industrial, commercial, residential, agricultural, recreational, woodlands, mines/quarries, and open spaces. Please indicate if the project is located entirely within a city

limit. Identify agriculture land parcels designated as "prime/unique agricultural lands" by the U.S. Department of Agriculture (USDA) under the Federal Farmlands Protection Act or a local equivalent. Additional information may be found at USDA's Natural Resources Conservation Service website.

Land Use Comment: The site is zoned "Heavy Industrial I-2" by the Flathead County zoning ordinance. The current use of the property as a "gravel extraction site and concrete batch plant site" complies with this zoning designation. The proposed uses are also industrial in nature and would include shipping, warehousing, light manufacturing, processing and assembly. The proposed uses would also comply with this zoning designation. The site is surrounded by industrial activity on the north and east including a post and pole business, lumber milling operation and a landscape rock facility. To the south there exists a RV park and an older residential neighborhood both of which are visually separated from this site by significant topography with the site in question sitting significantly lower than the residential neighborhood. To the west across Whitefish Stage, a county secondary highway lays a natural open space consisting primarily of flood plain and wet lands.

Agricultural comment: The proposed site is not within an existing city although it has been surrounded by urban scale development for the past 60 years. The site itself has been developed as a gravel extraction and concrete batch plant operating continuously for the past 56 years. There are no lands of agricultural significance or use within 2 miles of the site. No impacts to agricultural lands are anticipated.

8. Solid Waste Management

Indicate the types and quantities of solid wastes to be produced by the project facilities and primary beneficiaries. Describe local solid waste collection and disposal methods and the expected useful life of the disposal facility. If recycling or resource recovery programs are or will be used.

Comment: General types of solid waste anticipated include construction debris, timber fiber and waste, card board, packing materials, etc. At this time no unusual waste products are anticipated. Solid waste will be collected by either a private firm (Evergreen Disposal) or by the City of Kalispell. Both collection operations have adequate present and future capacity to serve the rail site. All solid waste is transported to the Flathead County Land Fill. Dave Prunty, Flathead County Solid Waste Department director stated on December 14, 2011 that under present management and assuming a 2% growth in refuse/year in Flathead County, the land fill has in excess of 50 – 60 years capacity. Additionally, the Board has plans to continue expanding

the land fill facility as time and demand dictates. The proposed acquisition of this site and re-development as a rail facility will have minimal impacts.

9. Hazardous or Toxic Substances

Describe any toxic, hazardous, or radioactive substances that will be utilized or produced by the proposed project facilities and primary beneficiaries.

Describe the manner in which these substances will be stored, used, or disposed. Complete and sign one "Applicant Certification Clause" for each co-applicant (see Appendix A). If a recent Phase I or Phase II Environmental Site Assessment has been performed, please provide a copy.

Comment: The site has a phase 1 environmental assessment (March, 2011) and a phase II environmental assessment (November, 2011). They have already been provided. The project involves the conversion of an historic gravel extraction facility into an industrial rail user's facility. The site will accommodate uses that are also industrial in nature and would include shipping, warehousing, light manufacturing, processing and assembly focusing on grain and other agricultural products, timber products, rock/landscaping materials and some shipping of technology products. At this time toxic, hazardous or radioactive uses are not anticipated.

10. Water Resources

Describe surface and underground water resources at or near the project site(s) and any impacts of the project to these. If groundwater will be used, is the aquifer in overdraft and/or adjudicated? If there will be discharges to surface water, is the receiving surface water body Updated October 14, listed on the US Environmental Protection Agency's (EPA) Section 303(d) list of impaired waters? Is a National Pollutant Discharge Elimination System (NPDES) permit required for any discharges to surface waters? Indicate if the proposed project is located within an area mapped by the EPA as a sole source aquifer recharge area (maps and further information are available on EPA's website). Describe any induced changes in local surface water runoff patterns, and the status of storm water discharge permit process.

Comment: The proposed acquisition of the site for development of an industrial rail yard is not projected to impact or utilize either surface or sub-surface water resources.

- The site has access to two public water system resources. The site is served by both the Evergreen Water and Sewer District and the city of Kalispell municipal water system.
- The Stillwater River is considered an impaired water body. If the property is annexed into the city of Kalispell, a city of Kalispell Storm Water treatment Permit is required. Under this permit, storm water must be treated and retained on site. Direct or indirect discharge of untreated storm water into the Stillwater River is prohibited.

- The site is not within an EPA sole source aquifer recharge area. There are no sole source aquifers in Flathead County.

The very northeastern portion of the 42 acre parcel falls with the boundary of the KRY Site, a group of 3 Comprehensive Environmental Cleanup and Responsibility Act (CECRA) facilities. The KRY Site is being remediated pursuant to a judicial abatement order under the authority of the CECRA program, and that remediation work is being conducted by BNSF Railway Company, along with its environmental consultants and contractors.

11. Water Supply and Distribution Systems

Indicate the source, quality, and supply capacity of local domestic and industrial/commercial water resources, and the amount of water that project facilities and primary beneficiaries are expected to utilize. Is the water that is being supplied in compliance with the Safe Drinking Water Act?

Comment: The site is served by the City of Kalispell municipal water system. Access to the Kalispell water system would be via one or more new 8 inch water mains to the site which could provide approximately 4,000 gallons per minute flow per line. Larger lines could provide larger flows. There is adequate water storage and production as well to meet the needs of this project. The city has a peak summer daily usage of 5.31 million gallons per day (mgd) and an average peak daily usage of 3.85 mgd. To address this flow and to provide for future development, the city has well production capacity of 10.8 mgd and community storage tank capacity of 4.6 million gallons. This is a municipal system which complies with the Safe Drinking Water Act.

12. Wastewater Collection and Treatment Facilities

Describe all domestic class or process wastewaters or other discharges associated with the project facilities and its primary beneficiaries, and the expected composition and quantities to be discharged either to a municipal system or to the local environment. Describe the wastewater treatment facilities available for processing the additional effluent and indicate their design capacities and current loading (both daily average and peak), and their adequacy in terms of the degree and type of treatment required. Indicate all discharges that will require on-site pretreatment. Is the wastewater treatment plant in violation of the Clean Water Act? If local treatment and sewer systems are or will be inadequate or overloaded, describe the steps being taken for necessary improvements and their completion dates.

Comment: The site would utilize the Kalispell waste water collection and treatment facility. The Kalispell waste water treatment plant is in full compliance with the Clean Water Act. The

plant is a bio-reduction treatment facility with a design capacity of 5.6 million gallons per day. It currently is treating 2.8 million gallons per day with peak loading of 3.4 million gallons per day. There are no on-site waste treatment facilities proposed.

13. Environmental Justice (Executive Order 12898)

Will this project result in disproportionate adverse human health or environmental impacts relative to minority and low income populations? Please explain.

Comment: The project involves the re-development of a former industrial facility. Impacts will not exceed what has historically occurred when the facility operated as a gravel extraction site. Conversely, the site will proactively provide employment opportunities for low income populations. Flathead counties greatest concentrations of low and moderate income families exist in Evergreen between 1-3 miles from the site which makes it readily accessible.

14. Transportation (Streets, Traffic and Parking)

Briefly describe the local street/road system serving the project site(s) and describe any new traffic patterns that may arise because of the project.

Indicate if land use in the vicinity, such as residential, hospital, school, or recreational, will be affected by these new traffic patterns. Indicate if any existing capacities of these transportation facilities will be exceeded as a direct or indirect result of this project implementation, particularly in terms of car and truck traffic, and what the new Level of Service designation will be.

Comments: The site is well served by several vehicle routes. On the west side of the property, Whitefish Stage, an Urban Primary route abuts the property and provides direct access. In addition, the site has direct access to US Highway 2 on the east side of the site. These routes historically provided access to the site when it operated as a gravel extraction and concrete batch plant facility. With the closing of the gravel facility and the conversion to rail-users facility traffic patterns will change and it is generally anticipated that a greater volume of traffic will use US Highway 2. This facility is a 4-lane highway built to urban standards and has adequate capacity to handle increased traffic volumes projected to occur here. In addition, because rail access will be the focus of this facility, conceivably a significant share of the truck trips associated with this facility could be handled by rail.

15. Air Quality

Indicate types and quantities of air emissions (including odors) to be produced by the project facilities and its primary beneficiaries, and any measures proposed to mitigate adverse impacts. Indicate the impact that the project would have on greenhouse gas emissions. Is the proposed

project site classified as a "non-attainment" area for any criteria pollutants? If so, what are those pollutants? Indicate any local topographical or meteorological conditions that hinder the dispersal of air emissions.

Comments: The site is only being purchased at this time. Development is projected to occur over the coming years. It is anticipated that the site will accommodate uses that are industrial in nature and would include shipping, warehousing, light manufacturing, processing and assembly focusing on grain and other agricultural products, timber products, construction materials, rock/landscaping materials and some shipping of technology products. The site is not designated as a "Non-attainment area" and there are currently no known air quality issues either existing or proposed.

16. Noise Pollution

Will operation of project facilities or primary beneficiaries' facilities increase local ambient noise levels? If yes, indicate the estimated levels of increase, and the areas and sensitive receptors (e.g., residences) to be affected.

Comments: The site was previously operated as a gravel extraction and concrete batch plant facility. With the acquisition of the site, the gravel and concrete operation will cease. In its place an industrial rail users facility will be developed. It is anticipated that the site will accommodate uses that are industrial in nature and would include shipping, warehousing, light manufacturing, processing and assembly focusing on grain and other agricultural products, timber products, construction materials, rock/landscaping materials and some shipping of technology products. General noise levels are not intended to be excessive. At the same time, there are few if any noise receivers in the immediate neighborhood. There is an older residential neighborhood to the immediate south west. However, it is geographically removed from the site by a significant rise in topography which eliminates the direct line of site and the transference of sound.

17. Permits

Identify any Federal, State, or local permits of an environmental nature needed for the project (e.g., USACE, U.S. Environmental Protection Agency (EPA), Coastal Zone Management/Shoreline Management, Air Quality, State Environmental Policy Act, NPDES, etc.), and the status of any such permits. Attach copies of any such permits and all associated correspondence, including the permit applications.

Comments: For any construction, local building permits and a storm water treatment permit are required from either the City if the property is within the city or from the State Building Division and the State Department of Environmental Quality if the project stays within the county.

18. Public Notification/Controversy

Provide evidence of the community's awareness of the project, such as newspaper articles or public notification and/or public meetings, as applicable.

If a formal public hearing has been held, attach a copy of the transcript.

Fully describe any public controversy or objections which have been made concerning this proposed project and discuss steps taken to resolve such objections.

Comments: Please find attached in Appendix G a front page news article from the Kalispell Daily Interlake dated November 29, 2011 and the synopsis of a TV story from KCFW dated November 30, 2011.

All Flathead County Economic Development Authority meetings are open to the public and announced in the local media two weeks before convening. The board of FCEDA is appointed by the County Commissioners and open to the public. The FCEDA board and staff regularly report to the County Commissioners in public meetings and those meetings are regularly reported in the local papers. It is common knowledge in Flathead County that FCEDA has wished to develop an industrial park for over four years and during that time it has been occasionally mentioned in local papers as a possible tool for economic development.

There has not been a formal public hearing.

Some private business park developers in the community have raised questions concerning the county owning and promoting an industrial park. These concerns were addressed by outlining the details of the development plans for the park and confirming that no other rail-served industrial park are developed or under consideration for development at this time or ever. In fact the lack of rail-served developed property has historically been an obstacle for economic development in the county.

19. Direct, Indirect, and Cumulative Effects

Please list projects (public and private) that have occurred or will occur in the past, present, and future in and around the project area that could result in significant cumulative or indirect impacts when considered with the proposed EDA project. Cumulative impacts result from the incremental impacts of a proposed action when added to other past, present and reasonable foreseeable future actions (40 CFR Section 1508.7). Indirect impacts are those that are caused by a proposed action, but that may occur later in time or farther removed in distance, relative to

the primary impacts of the proposed action (40 CFR Section 1508.7). Identify direct and indirect effects of the proposed action; which resources, ecosystems, and human communities are affected; and which effects on these resources are important from a cumulative effects perspective.

Comments: This project is located with a portion of our community which has currently seen very little private investment and no public investment or re-investment in the past 5 – 10 years. It is also a site that is fairly buffered or secluded by both topography, the Stillwater River and the Burlington Northern Rail Road R/W Development of this site will encourage additional lands to the north which are presently underutilized to more fully develop as industrial users. Although all activities encompass some cumulative impact, the negative effects of this property purchase are anticipated to be minimal or the effects will be positive. They will be marginal and in the case of construction short term. FCEDA recognizes that quality of life and the pristine character of the environment in Flathead County is one of our greatest assets and a key selling point. It is our intention to mitigate where possible any cumulative negative effects and work to maintain the integrity of the property and the surrounding area.

The positive cumulative impacts of current and future projects in the area include reclamation of a gravel pit.