

# NETEX has \$11M letter of intent from Sustainability Partners

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*Optic-Herald Staff*

The Northeast Texas Rural Rail Transportation District (NETEX) announced receiving a signed letter of intent to provide \$11 million in capital project funding for the development, construction and operation of the district's "Franklin County Container Terminal" (FCCT) at its meeting Thursday, Feb. 7.

"This [letter] is the result of approximately a year of discussion and analysis between Sustainability Partners, NETEX and a couple of international transportation industry companies that we consider as strategic advisors," Phil Davila, executive director for NETEX, said.

Mr. Davila presented an overview of the project's three-year development and implementation plan. He later stated that the project is currently in the facility design stage and is expected to be operational in less than 24 months.

The project is initially projected to require around 150 acres of land, adjacent to the railroad main line and I-30. After an executive session, the NETEX board approved that the executive committee proceed with what was only referred to as "options one and two" to the secure rights to purchase land near Mount Vernon for the site of the terminal. No further details were given on the site.

The initial plan calls for an industrial rail lead to split into two 3,500 foot-long working tracks. These parallel tracks will be 110 feet apart, with 100 of those feet in concrete pavement for container transfer operations. The terminal will also require specific purpose lift equipment, staff to operate all terminal movements, and

management to administer efficient receipt and distribution, along with documentation for all operations at the site. It is estimated that the annual operating costs will be between \$400,000 and \$600,000, depending on the growth stage of the operation.

The FCCT will generate revenue by receiving a percentage of the Union Pacific (UP) short-line operator's (Blackland's Railroad) interchange haul fee. The terminal will also earn revenue by charging each inbound/outbound member to lift a loaded container off or onto a rail car.

Typical shippers would be willing to use the FCCT in lieu of long truck hauling from distant ramps or even gulf ports. This means trains of 100-cars, with two to three containers each, will be able to travel both ways between the ports of Los Angeles/Long Beach to UP's Mount Pleasant yard/FCCT. This will allow shippers to bypass the heavily congested UP South Dallas Intermodal Facility at Wilmer, Tex.

"Everyone in the region is a stakeholder in this project... not just the shippers," Mr. Davila said Tuesday. "Every person in the region will benefit from more business, more jobs and more local government tax revenue to provide street repairs, law enforcement, health care and schools."

The FCCT will be what is classified as an International Container Yard of medium volume, 100-300 lifts a day. It will be a publicly owned terminal with regional members participating in a "closed network" cooperation, which will encompass a 150 mile radius of Texarkana.

"It is not the FCCT's goal to compete with or function like a Class I Intermodal yard, but to act as an extension of

the present global network in a small region that includes Northeast Texas, Northwest Louisiana, Southwest Arkansas and Southeast Oklahoma," Thomas Cain with Sustainability Partners said in his letter of Intent to NETEX.

Mr. Davila indicated NETEX's plans to leverage the funding to continue efforts for an additional \$40 million needed to rehab the rail line west of the terminal site. This would include replacing every third rail tie and replacing ballast (supportive rock for the rail) in addition to repairs to some of the rail's trestles. This would increase the speed class of the rail line and provide additional access to other shippers.

The Mount Vernon City Council and its Economic Development Corporation's board met in executive session Monday night concerning their version of the rail port. No action or announcement was made following the session.

Mount Vernon and its EDC were awarded the major portion of a \$1.2 million federal grant with an \$800,000 match of funds to lay the ground work for such a project in Jan. 2018. However, cross-purposes between the two local boards and NETEX, which brought the concept to the city in 2016, have derailed cooperation.

"This project truly is a game changer and will help all Economic Development Corporations in the region market properties (that are not necessarily adjacent to a railroad). Prospective businesses that are container-freight dependent will have close access to containers and freight-rail transportation," Mr. Davila said.

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-s- LBR



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