

opportunities for public input. The program incorporates several means for engaging and providing information to the public, agencies, and tribes, including public meetings, community outreach meetings, mailings to interested parties, a project website ([www.NavyBaseICTF.com](http://www.NavyBaseICTF.com)), and newsletters.

Upon initiation of the NEPA process, a public scoping period, including a scoping meeting, was opened to solicit input from agencies and the public on issues of concern for project. As a result of a revised proposal by Palmetto Railways, the Corps opened a second public scoping period, and a second scoping meeting was held, to inform the public of the revised project. The comments received during the scoping periods and meetings assisted the Corps in determining the overall scope of the analysis for this EIS. A Public Hearing on the Draft EIS was also held and allowed comment on the project. Additional information about consultation, coordination, and public involvement is included in Chapter 9.

## 1.4 PROJECT PURPOSE AND NEED

In accordance with the CEQ Regulations for Implementing the Procedural Provisions of NEPA (CEQ Regulations), 40 C.F.R. Parts 1500-1508, the Corps must specify the underlying purpose and need for the project (40 C.F.R. 1502.13). Considered together, the purpose and need establish part of the framework to identify the range of alternatives for a proposed action to be evaluated in an EIS.

Corps regulations define three ways of stating the purpose of a project. As described below, one statement is provided by the Applicant, the other two are determined by the Corps:<sup>31</sup>

- Palmetto Railways has included a stated purpose and need in its proposal to the Corps.
- The Corps determines the “basic” purpose of the project, which in turn is used to determine whether the project is water dependent as it relates to Section 404(b)(1) of the CWA.
- The Corps determines the “overall” purpose of the project, which is used to determine the range of practicable alternatives for the proposed action.

### 1.4.1 What is the Applicant’s Stated Purpose and Need?

Palmetto Railways (the Applicant) is a division of the South Carolina Department of Commerce and was established in 1969. The Applicant’s mission is “to provide safe, efficient, and cost-effective rail solutions to facilitate the movement of freight and support economic development efforts; thereby, promoting the economic viability of the State of South Carolina.” Palmetto Railways operates three railroad subdivisions; Charleston, North Charleston, and Charity Church Subdivisions. The Charleston and North Charleston Subdivisions provide switching services to the terminals of the South Carolina Ports Authority and other various industries in Charleston County, interchanging with

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<sup>31</sup> 33 C.F.R. 325, Appendix B, “NEPA Implementation Procedures for the Regulatory Program”; 40 C.F.R. 230.10(a).

CSX Transportation and Norfolk Southern. The Charity Church Subdivision, located in southern Berkeley County serves BP Chemical, Nucor Steel and Santee Cooper Cross Generating Station, interchanging with CSX Transportation (Palmetto Railways 2016).

The Applicant's stated purpose and need is an expression, typically in the applicant's own words, of the underlying goals for a proposed project. Palmetto Railways' Statement of Purpose and Need is included in Appendix B. The Corps takes an applicant's purpose and need into account when determining the overall project purpose. Elements of the applicant's proposal are important from the Corps' perspective, as they establish the basis for the project. These elements are factored into the evaluation of alternatives under NEPA and the Section 404(b)(1) guidelines.

Palmetto Railways has stated that the purpose of the project is:

*To locate, build, and operate a state-of-the-art intermodal container transfer facility serving the Port of Charleston with near-dock, equal access for the two Class I rail carriers serving the area (e.g., CSX Transportation [CSX] and Norfolk Southern Railway [NS]) to meet future demand in the Charleston region to facilitate the movement of goods and commerce over rail, thus stimulating and supporting economic development in the region and providing and maintaining connections to key regional and national transportation corridors (Appendix B)."*

As stated by the Applicant, the need for the project is to provide consolidated intermodal facility capacity beyond the two existing intermodal terminals in the Charleston region that serve the Port and other regional businesses, and to accommodate projected future increases in the volume of intermodal container cargo in the region (Appendix B). The SCPA anticipates that, by the year 2018, the Port will handle approximately 2.2 million twenty-foot equivalent units (TEUs) of container traffic, or "throughput," the majority of which are international import and export. The projected increase in container throughput is expected to reach approximately 4.0 million TEUs by 2038 (Table 1.4-1)<sup>32</sup>.

Table 1.4-1  
Projected TEU Container Traffic at Port of Charleston

Port of Charleston Container Terminals	Projected TEU Container Traffic in 2018	Projected TEU Container Traffic in 2038
Columbus Street Terminal	66,000	305,060
North Charleston Container Terminal	645,213	694,727
Wando Welch Container Terminal	1,492,481	1,583,740
Hugh K. Leatherman, Sr. Terminal	–	1,400,000
<b>Total</b>	<b>2,203,694</b>	<b>3,983,527</b>

Source: Personal communication, Barbara Melvin, August 12, 2014.

<sup>32</sup> Personal communication, Barbara Melvin, August 12, 2014.

**A Twenty-Foot Equivalent Unit (TEU), or the volume of one 20-foot container, is the standard volume unit for describing a container terminal's cargo-handling capacity.**



Currently, the existing intermodal facilities in the Charleston region include the CSX Ashley Junction intermodal terminal and the NS 7-Mile intermodal terminal (see Figure 1.1-1). CSX's Ashley Junction/Bennett Yard includes four working tracks with grounded trackside storage, as well as

***Near-dock or on-dock facilities:* Near-dock facilities are located landward of the marine terminal and cargo containers are transported by over-the-road (OTR) trucks and/or Utility Tractor Rig (UTR) trucks to the near-dock facility from the marine terminal or from the near-dock facility to the marine terminal. Near-dock facilities may serve multiple marine terminals. On-dock facilities are located proximate to the marine terminal and cargo containers may be transferred directly between the marine terminal and the on-dock facility.**

storage for chassis and containers on chassis. The NS 7-Mile yard has a single loading track and both grounded and wheeled storage for containers and chassis. To promote competitive rail service, the new ICTF would provide equal access to both Class I rail carriers, allowing the facility to accommodate and provide equal service to both rail carriers simultaneously. The reported combined capacity of the two existing intermodal terminals is approximately 498,800 TEUs (Appendix B). Both existing

intermodal facilities could increase the total throughput capacity with infrastructure and operational improvements to handle a portion of the projected future growth in intermodal container cargo volume at the Port; however, constraints such as available land and height restrictions may limit potential improvements (Appendix B).

As stated by the Applicant, historically at the Port of Charleston, intermodal containers transported by rail account for approximately 13 percent of the total container volumes handled by the Port, with the remainder being transported by truck. In 2015, 22 percent of all total container volumes handled by the Port were moved via intermodal rail (SCPA 2016). This increase is due in part to the recent creation of the Inland Port in Greer, South Carolina. At that percentage, rail intermodal container volumes are projected to outgrow the region's existing rail intermodal capacity to transport them in 2022 (Appendix B).

To handle the next generation of container vessels, U.S. ports will require significant improvements to both waterside and landside infrastructure (Corps 2012). To successfully compete with other ports, Post-Panamax container terminals will need to provide "on-dock" or "near-dock" intermodal

rail capabilities to serve these vessels and to minimize the truck traffic and environmental impacts associated with rapid transfers of large numbers of containers.

The Port's main competitor to the north, the Virginia Ports Authority, handled intermodal container transport by rail at a rate of approximately 30 percent of total container cargo volumes in 2013 (Port of Virginia 2014). The Georgia Ports Authority, the main competitor to the south, handled approximately 19 percent of its total container transport volumes by rail in 2013, with consistent increases over the past four years (Georgia Ports Authority 2013). The historical intermodal container transport volumes by rail for both Virginia and Georgia ports were approximately 15–18 percent of the total container volumes prior to their expanding intermodal capacity through the development of new intermodal terminals (Appendix B). Both of these ports operate “on-dock” intermodal facilities, thereby eliminating a public dray move of containers.

The State of South Carolina has a need for a regional ICTF to service the Port of Charleston's container terminals in order to provide capacity to accommodate existing and future growth of intermodal containerized cargo projected to move through the Port. In addition, per the Applicant, the regional ICTF would need to be “near-dock” (Appendix B). Palmetto Railways proposes to maximize their throughput capacity by connecting their near-dock facility with a private drayage road. Equally important is the need to connect the near-dock facility to a Port container terminal that handles and processes sufficient TEU volumes to support ICTF operations 24 hours a day, 7 days a week. A private drayage road would eliminate interaction of truck drayage with public traffic (from the connected Port container terminal), and would provide operational efficiency to reach approximately 12,000 TEUs per acre of ICTF site. Increased operational efficiency of the Navy Base ICTF can be achieved because the private drayage road would enable the facility to operate 24 hours per day.

With a minimum throughput goal of 800,000 TEUs (20 percent of future projected throughput), the facility site size would need to be a minimum of approximately 65 acres. According to Palmetto Railways, by full build-out, the Navy Base ICTF will be designed to accommodate a throughput capacity of 1.2 million TEUs, or 30 percent of the projected future volume of intermodal containers. While there is not a specific definable configuration that is required, the site configuration must be conducive to process the intended throughputs of the Navy Base ICTF.

#### **1.4.2 What is the Corps' evaluation of the Applicant's Need Statement?**

The concept of public and private need for the project is important to the balancing process of the Corps' public interest review. Part of the public interest review in the evaluation of every application is to consider the relative extent of the public and private need for the proposed structure or work<sup>33</sup>. The Corps assumes that an applicant has considered economic viability and need in the market place;

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<sup>33</sup> 33 C.F.R. 320.4(a)(2)

however, regulations require that the Corps should make an independent review of the need for a project from the perspective of the overall public interest. This independent review is relevant to the Corp's DA permit decision. The Corps will question the public need for a project if it appears to be unduly speculative.

The Corps has reviewed the information provided by Palmetto Railways, including the need for a near-dock ICTF (Appendix B) in the region to have capacity for existing and projected future growth of intermodal container traffic. The Corps recognizes the need and projected increase of rail-based TEUs in the Final Environmental Impact Statement Proposed Marine Container Terminal at the Charleston Naval Complex (2006),<sup>34</sup> where the future projected rail-based TEUs would be approximately 20–25 percent of TEUs throughput from the Port of Charleston. This projection was validated by a September 2016 year-to-date statistic of 22 percent rail TEUs provided by the SCPA (2016). The Corps also recognizes the need for Palmetto Railways, a State agency, to provide equal access to both Class I rail carriers (CSX and NS). Equal access is necessary to ensure that the Port and Palmetto Railways remain neutral in business dealings with Class I rail carriers and do not provide preferential treatment to either carrier, in order to prevent giving one carrier an unfair competitive advantage over the other. Equal access also seeks to preserve competitive intermodal rail transport pricing for the Port as a destination for intermodal traffic versus its competitors (e.g., Port of Norfolk and Port of Savannah).

The Corps has found, based on the Applicant's information and its own independent review, that the Applicant's stated need is not unduly speculative.

### 1.4.3 Corps' Basic Project Purpose and Water Dependency

The Section 404(b)(1) Guidelines require that the Corps determine whether a project is "water dependent." Water dependent means that the project requires access or proximity to, or siting within, a special aquatic site to fulfill its basic purpose. If the Corps determines that a project is not water dependent, the regulations presume that: (1) an alternative site that does not involve special aquatic sites is available, and (2) practicable alternatives are available that would result in less environmental loss, unless clearly demonstrated otherwise by the applicant<sup>35</sup>. The Corps has determined that the basic purpose of Palmetto Railways' discharge of fill material is to create the elevations necessary to facilitate the construction of an ICTF that would handle the transfer of intermodal containers; however, this action does not require access or proximity to, or siting within, a special aquatic site to fulfill its basic purpose. Therefore, the Corps has found that the basic purpose of this project is not water dependent.

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<sup>34</sup> The Final Environmental Impact Statement Proposed Marine Container Terminal at the Charleston Naval Complex is available at [www.navybaseictf.com](http://www.navybaseictf.com). The Corps issued a DA permit to the SCPA (No. 2003-1T-016) in April 2007.

<sup>35</sup> 40 C.F.R. 230.10 [a][3]

#### 1.4.4 Corps' Overall Project Purpose and Alternatives Analysis

In addition to the Applicant's purpose discussed above, the Section 404(b)(1) Guidelines require that the Corps define the "overall project purpose" to evaluate practicable alternatives. In accordance with the Section 404(b)(1) Guidelines, the overall project purpose must be specific enough to define the Applicant's needs, but not so narrow and restrictive as to preclude a proper evaluation of alternatives. In this regard, defining the overall project purpose for review and approval of Corps permits is the sole responsibility of the Corps. While generally focusing on the Applicant's purpose and need statement, the Corps will, in all cases, exercise independent judgment in defining the purpose and need for the project from both the Applicant's and the public's perspectives (33 C.F.R. Part 325; 53 Fed. Reg. 3120). The Corps has reviewed and discussed Palmetto Railways' proposal, and has defined the overall project purpose as follows:

*The overall Project purpose is to provide a state-owned, near-dock ICTF that provides equal access to both Class I rail carriers and accommodates existing and projected future increases in intermodal container cargo transport through the Port of Charleston to enhance transportation efficiency in the state of South Carolina.*

### 1.5 BACKGROUND OF PROPOSED PROJECT

#### 1.5.1 Background and Other Relevant Activities Associated with the Former Charleston Naval Complex

In 1996, under the Federal Defense Base Closure and Realignment Act (BRAC)<sup>36</sup>, the Department of Defense (DOD) closed the CNC, which included the Shipyard, Naval Station, Naval Annex, Defense Distribution Depot, and part of the Naval Supply Center in Charleston, South Carolina. The Final Environmental Impact Statement for the Disposal and Reuse of the Charleston Naval Base North Charleston, South Carolina was prepared (1994-1995) to evaluate the impacts of the closure and plan for the reuse of the nearly 1,500-acre complex. The state of South Carolina set up the Charleston Naval Complex Redevelopment Authority (Redevelopment Authority) to oversee the property's conversion and to replace the jobs lost by the closing of the base (SCLAC 2000). The SCPA was granted the southern portion of the property (an approximately 350-acre parcel) and its docks by state legislation. The Redevelopment Authority deeded the northern end of the property to the City of North Charleston for redevelopment (DOD 2006). Subsequently, a Memorandum of Understanding and Agreement (MOUA) was signed by the SCPA and the City of North Charleston, in which the City of North Charleston agreed to develop the northern portion of the former CNC site and SCPA would develop the southern portion of the site (Port Facility Area). The MOUA further specified that, "certain minimum infrastructure must be in place before the SCPA commences container operations."

<sup>36</sup> Title II of Public Law (P.L.) 100-526 (10 U.S.C. 2687 note), adopted October 24, 1988 and extensively amended in 1990, 1994 and 1996.