SHERIDAN RAILROAD CORRIDOR

ECONOMIC DEVELOPMENT STRATEGY

PREPARED FOR
CITY OF SHERIDAN

PREPARED BY
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**Introduction**

The railroad arrived in Sheridan in 1892, and since that time, it has been a vital part of the community. Rail has been used to bring visitors and goods to Sheridan and to ship coal, agricultural goods, timber, and other products to markets across the United States. Recently, coal companies have begun exploring the possibility of shipping coal to international markets out of ports in the Pacific Northwest. If realized, this development could lead to a dramatic increase in the amount of rail traffic in Sheridan. As one alternative to reduce the amount of traffic running through Sheridan, Forward Sheridan, in conjunction with the City of Sheridan, Sheridan County, and Wyoming Business Council has begun examining the feasibility of developing a new railroad loop (the "realignment") to expedite coal traffic around Sheridan.

Construction of the realignment would be a project of historic proportions for the community. Such a project could provide significant economic and physical benefits to Sheridan. With the potential to aid BNSF, area coal mines, downtown Sheridan, and the business environment in North Main, development of this loop could be a "win-win" for the community and the railroad. At the same time, development of this realignment also has the potential to generate negative impacts on the Sheridan community.

The recently completed Feasibility Study for Safe and Efficient Rail Traffic ("SERT" study) recommends an evaluation to assess the benefits against the impacts of the route in order to help determine if it is appropriate to pursue the realignment. This report summarizes the results of that analysis and provides guidance for an economic development strategy for Sheridan's railroad corridor in the context of a possible realignment project. It examines the possible socioeconomic effects of a new railroad loop and the economic development opportunities under various scenarios. Understanding the various challenges and opportunities presented by a new railroad loop will better prepare Sheridan to make sound planning decisions going forward.

This Sheridan Railroad Corridor Economic Development Strategy project was funded by a grant from the Wyoming Business Council.

**Executive Summary**

This Railroad Corridor Economic Development Strategy revealed several key findings, each of which is described in greater detail in the remainder of the report.

- Economic and demographic conditions are markedly different on the east and west sides of Sheridan, presumably as a result, in part, of the effects of the rail line. These effects include lower property values, lower household incomes, lower land utilization, and other factors. Changes to the rail network that would reduce or eliminate local train traffic (as explored in two of the three alternatives analyzed in this report) would conceivably make these areas more available for economic development and investment.

- Three redevelopment opportunity sites in the study area were analyzed, each of which could accommodate significant employment and investment if redeveloped. This redevelopment potential could create between 500 and 1,000 jobs under the two realignment alternatives (alternatives 2 and 3) over the long term, or between 170 and 635 new jobs over the base-case alternative. The redevelopment of the key sites would represent a significant economic impact in terms of capital investment, ranging from $41 million to $98 million at full build out, or a net of $15.5 million and $71.8 million over the base alternative. However, Sheridan's relatively slow pace of growth could mean that this potential economic benefit would take many years, if not decades, to be realized.

- Although the alternatives included one option that retains Sheridan's current rail tracks if a realignment is built, the research and stakeholder interviews indicated that it is extremely unlikely that Sheridan would be able to preserve local rail service under such a scenario. The threshold to sustain local rail service is considerably higher than the current demand for rail service today and there was not an indication that such a level of demand is likely in the future. Therefore, if a
• Similarly, interviews with stakeholders indicated that there are little to no benefits to BNSF in building the realignment and that they would not likely provide any funding to support implementation of the project. Therefore, Sheridan would need to find funding through local, state, and federal sources to make the project happen.
• Given the uncertainty about whether the realignment will be built and the long-term time frame that will be needed to fully realize redevelopment of the opportunity sites, Sheridan should not lose focus on existing economic development initiatives at the High Tech Business Park and Wrench Ranch, as well as general revitalization along North Main Street and in downtown.

Existing Conditions

This report begins with a review of existing conditions along the rail corridor in order to better understand the context in which potential changes to rail activity will take place. Beginning with a review of recent planning efforts, the report continues with a discussion of demographic conditions. This section concludes with a review of economic conditions in the rail corridor before continuing to the evaluation of alternatives.

Planning Context

In the past eight years, the City of Sheridan and local community organizations have undertaken a series of initiatives that have advanced economic development opportunities and sought to improve the quality of life for Sheridan residents.

Where applicable, this Rail Corridor study should be coordinated with ongoing community planning efforts such as the North Main Economic Development Strategy and the Sheridan Historic Railroad District Master Plan.

North Main Master Plan

The purpose of the North Main Master Plan is to provide an overall unified concept for the North Main area, within which private and public investment decisions can be made over time. The North Main Area Master Plan, completed in 2009, brought together residents and business owners to define a framework to show the areas in North Main that are most likely to grow and change and the areas most likely to retain their existing character (such as the neighborhoods east and west of North Main).

The North Main Master Plan highlighted five broad guiding principles for the North Main corridor:

1. Vibrant Neighborhoods and Business Areas
2. Welcoming and Connected Green Space
3. A Unique and Identifiable Image
4. An Enhanced Transportation Network
5. A Strong Retail/Mixed-Use Core

North Main Economic Development Strategy

The goal of the North Main Economic Development Strategy is to maintain the positive momentum of these efforts and provide a clear direction and action plan for the Corridor’s growth in coming years. The Strategy leverages the efforts by the North Main Association (NMA) and its partners to attract investment, interest, and excitement from the private development community, government agencies, and the general public.

This report includes the following:

1. An analysis of past conditions and studies that have helped shape recent progress along North Main, a discussion of strengths and opportunities that will work in North Main’s favor as the corridor
looks at economic growth, challenges and concerns that will need to be addressed to fully realize the community’s vision for North Main, and information gathered from public outreach and input.

2. A comprehensive analysis of both local and national market trends that could significantly impact development along the North Main Corridor. An important component of this strategy is to fully understand how economic and demographic trends, consumer trends, employment and population forecasts, and real estate conditions will shape development in the future.

3. An Action Plan to help the NMA, the City, and other partner organizations to clarify their goals and prioritize efforts over the next five years. It reflects the vision and input of NMA leadership, numerous business owners and residents from the corridor, City leaders, and others who participated in this project. The Action Plan identifies the priority projects and investments, assigns key responsibilities and partners, and outlines a funding strategy for each element.

5th Street Corridor Plan

The 5th Street Corridor Plan coordinates local stakeholder needs with the larger community’s utilization of East 5th Street as a major transportation corridor. The plan is a policy document prepared jointly by the Wyoming Department of Transportation (WYDOT), Sheridan County, and the City of Sheridan to implement a community-based vision of East 5th Street defining the corridor’s future and a guideline of the implementation actions. The plan provides a framework of community-based principles, policies, design options, and implementation strategies. The plan outlines nine important strategies that would do the most to achieve the community’s vision of the 5th Street Corridor.

Downtown Sheridan Economic Development Strategy

The 2010 Downtown Sheridan Economic Development Strategy (DSEDS) was developed to address concerns regarding the long-term sustainability of historic downtown Sheridan, the economic hub of Sheridan County. The primary focus of the plan is to provide the necessary framework to establish a sound economic structure for the DSA district boundary, herein referred to as the downtown district. This plan focuses on the existing and potential market conditions of Downtown Sheridan and provides recommendations for strengthening the district. Three key findings emerged that have implications for the future of Downtown Sheridan are the need for the following:

1. A broader retail and restaurant base
2. Parking management strategies that create more convenient parking for customers
3. A stronger Downtown advocate and management model.

Sheridan Railroad Historic District Master Plan

The Sheridan Railroad Historic District Master Plan was completed in 2012 and provides an analysis of possible threats to the integrity, character, and economic viability of the historic District. The plan also discusses opportunities for the District. The plan makes recommendations for improvements and programs to preserve and revitalize the District.

Feasibility Study for Safe and Efficient Rail Traffic
Forward Sheridan commissioned the Feasibility Study for Safe and Efficient Rail Traffic in 2012 (the “SERT” study). The study was undertaken to better understand existing and potential rail traffic impacts and regional opportunities. The study is an evaluation of engineering alternatives for developing a new railroad loop to expedite coal traffic around Sheridan.

**Study Area**

Freight rail facilities and activity create both positive and negative impacts on their surroundings. While the residents and businesses closest to the railroad itself feel the majority of these impacts, the entire Sheridan community can also be affected. Some impacts such as noise and vibration are particularly dependent on direct proximity to the tracks, diminishing steeply as a function of distance.

For the benefit of this analysis, it is useful to define a single study area that is generally more affected by rail activity than other parts of Sheridan. Major changes to the rail alignment or function will be expected to have greatest impact to land uses in this defined area. Although the potential realignment would result in other impacts to the realignment area, presumably several miles east and north of Sheridan, this analysis is primarily focused on impacts and opportunities associated with land uses near existing facilities.

- For this analysis, the study area is defined as a ¼ mile buffer around the existing rail right-of-way, within the bend of Interstate 90.
- Most, but not all, of the study area falls within the city limits of Sheridan.
Additional Comparisons

The railroad has shaped historical growth patterns in Sheridan, in part by its usefulness, but also by imposing constraints on east-west movement. As a result, the study area’s character is substantially different on the east side of the tracks than on the west.

To better understand existing conditions, this report highlights these differences where possible by dividing the study area into two halves and adding a third comparison area to the west, as illustrated in the map at right:

1. East study area
2. West study area
3. Comparison zone

The purpose of including the comparison area is to have a contrast geography that is still within central Sheridan, but generally outside of the direct influence of rail facilities and traffic. This comparison zone can be used to determine if certain conditions are more significant in the study area than elsewhere in the city. In this report, unless specifically designated as “east,” “west,” or “comparison,” the term study area refers to the combined east and west study area shown on the map (areas 1 and 2).
Demographics

An understanding of existing demographic conditions is necessary in order to serve as a baseline against which future changes can be evaluated. This section describes existing demographic conditions in the study area.

Population

With just over 2,000 residents in 2010, the study area constitutes about 12 percent of the population of City of Sheridan and approximately seven percent of the county population. Over the past decade, the county has grown at an annual rate of 0.92 percent (just above the national growth rate) while the City has grown at a slower 0.58 percent annually. The study area has grown even slower, at just 0.27 percent per year, meaning that most growth in the region took place outside the study area.

Households

Household density is limited within the study area. Residential concentrations are highest on the north side of Lewis St. (6-10 units per acre) and at the southwest corner of Main St. & 11th St. (over 10 units/acre). Households on the east are all found below 8th St. In all, there were approximately 875 households in the study area in 2010.

The comparison zone is substantially more residential in character compared to the study area. Overall, the east portion of the study area has just 0.6 households per acre compared to 1.4 in the west part of the study area and 2.2 in the comparison zone. In part this low density is due to the land used by the rail facilities themselves, but generally suggests that rail has had a limiting effect on residential density over the years.

Household sizes in study area are quite similar to those the city and county as a whole, averaging 2.10, 2.17 and 2.27 people per household respectively.
Income

The study area is generally less affluent than either the city or county, with 42 percent of households earning under $25,000 per year. Just 26 percent of Sheridan County households have incomes that low. Conversely, the county has more than double the share of households earning $75,000 or higher compared to the study area (28 percent and 13 percent respectively). While income demographics for smaller geographies are less reliable due to statistical limitations, an informal survey of home values suggests that incomes skew substantially lower east of the tracks relative to the west part of the study area. As with residential density and growth, it is likely, but not directly provable, that proximity to freight rail has played a historic role in this pattern of income geography.

Age, Family Composition, Ethnicity

The county, city, and study area each have approximately 18 percent of their population younger than 15 years of age. However, the study area has a higher share of teens and young adults and somewhat smaller share of older adults, especially relative to the county as a whole.

This pattern is fairly common for urban centers and is also reflected in the share of “family” households. Family households consist of two or more related people under the same roof. Sixty-two percent of Sheridan County’s households consist of families, compared to just 47 percent of the households within the study area.

Sheridan County is very racially and ethnically homogeneous, with just five percent reporting as non-white. Hispanic origin (considered separately from race) is similarly uncommon, constituting less than five percent of the county population. Study area residents are somewhat more likely to be Hispanic (seven percent) or non-white (eight percent).
Land/Uses

Development Density

Even when right-of-way acreage is excluded, land development in the east part of the study area is less than one-fourth as dense as either the west study area or comparison zone. Parcels in the east study area have just four square feet of building improvements for every 100 square feet of land, compared to 19 to 100 in the west study area and 16 to 100 in the comparison zone. In fact, the vast majority development east of the tracks is confined to a band bounded by 8th Street on the north and just below Lewis Street on the south.

While the west study area is quite densely developed in general, the presence of the railroad tracks and former sawmill limited concentrated development north of 8th Street.

Table 1. Development Density by Area

<table>
<thead>
<tr>
<th>Study Area</th>
<th>Density*</th>
<th>Study Area</th>
<th>Density*</th>
<th>Comparison Area</th>
<th>Density*</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>0.04</td>
<td>West</td>
<td>0.19</td>
<td>Comparison Area</td>
<td>0.16</td>
</tr>
</tbody>
</table>

*sq. ft. of buildings per sq. ft. of land, excluding ROW

Source: Sheridan County Assessor's parcel data and Leland Consulting Group
Property Values

As with development intensity, property values are also sharply divided across east and west sides of the tracks. East study area parcels are valued by the assessor at an average of $117,000 per acre (including improvements), compared to more than $600,000 per acre in both the west study area and comparison zone. These property values include residential, commercial, and industrial parcels.

The project team lacks the ability to discern the exact impact of rail activity on property values in Sheridan, but visually there is an apparent drop-off in values for parcels adjacent to tracks.

Asking prices in the for-sale home market is another indicator of property values. While data is limited in both quality and quantity, the 16 study-area homes listed for sale as of March 15, 2013 appear to suggest a negative correlation on prices for homes near rail facilities. Study area listings had a median asking price of $140,000, compared with $216,400 for the total Sheridan market (296 listings). Asking home prices per square foot were $108 in the study area and $123 in Sheridan overall.

Table 2. Value Density by Area

<table>
<thead>
<tr>
<th></th>
<th>Study Area East</th>
<th>Study Area West</th>
<th>Comparison Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value per Acre*</td>
<td>$117,499</td>
<td>$608,003</td>
<td>$666,111</td>
</tr>
</tbody>
</table>

*Assessor’s actual value of land plus buildings, per parcel acre
Land Use Types

While the east study area has commercial uses (primarily industrial) north of 8th Street and close to the rails between 5th Street and Loucks Street, most of the land is either older, lower-density residential uses or agricultural (north of 15th Street). The west study area is mostly commercial, transitioning from industrial and light industrial along the tracks to office and retail, especially downtown. From Fort Road in the north down to Lewis Street, the west study area has residential uses mixed in with the commercial (and governmental/public) uses. South of Loucks Street, the west study area reverts back to primarily residential. With the exception of downtown, the comparison zone is made up of residential and related uses.

Table 3. Share of Land Uses by Area

<table>
<thead>
<tr>
<th></th>
<th>Study Area East</th>
<th>Study Area West</th>
<th>Comparison Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural</td>
<td>37%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Com Vacant Land</td>
<td>9%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Commercial</td>
<td>17%</td>
<td>45%</td>
<td>15%</td>
</tr>
<tr>
<td>Exempt</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Res Vacant Land</td>
<td>0%</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Residential</td>
<td>34%</td>
<td>42%</td>
<td>66%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Based on Assessor’s account types

Economy, Jobs

This section of the report describes existing conditions in the study area for jobs, retail activity, and other economic considerations. It also includes a description of current local users of the rail line in Sheridan. Comparing the data and land use patterns in the study area to the larger community, allows us to evaluate how different rail alternatives might affect future economic conditions in the study area.

Employment

While only seven percent of county residents are housed within the study area, that same area contains about 18 percent of all county jobs. Based on data from the U.S. Census Bureau’s Local Employment Dynamics model, there were approximately 12,800 employees countywide in 2010, with just over 2,300 of those falling in the study area. Although the data become somewhat less reliable at smaller geographies due to statistical sampling methods, it appears that just under 400 of those 2,300 study area jobs are found east of the tracks, while over 1,900 jobs are west of the tracks.

In terms of industry classification, employment east of the tracks is much more likely to be found in resource or industrial sectors than in the west study area and comparison zone. Retail makes up 16 percent of jobs in the east study area, equal to the share in the comparison zone. The west study area (which includes a portion of the Main Street retail district) has double the share of retail jobs found in the other two areas.

Wage data is also limited, but appears to indicate that jobs east of the tracks, where the impacts of rail activity are most pronounced, are less likely to be high paying. Just 17 percent of those working in the east study area earn over $3,333 per month -- about half the proportion found in either comparison area.
Table 4. Employment Data by Comparison Area

<table>
<thead>
<tr>
<th></th>
<th>Impact-East</th>
<th>Impact-West</th>
<th>Comparison West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total est. employment</td>
<td>383</td>
<td>1,920</td>
<td>1,699</td>
</tr>
<tr>
<td>Total jobs/acre</td>
<td>0.8</td>
<td>4.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Pct. of jobs paying over $3,333/mo</td>
<td>17%</td>
<td>37%</td>
<td>31%</td>
</tr>
<tr>
<td>Pct. in retail-related sectors</td>
<td>16%</td>
<td>31%</td>
<td>16%</td>
</tr>
<tr>
<td>Pct. in resource &amp; industrial sectors</td>
<td>41%</td>
<td>21%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: US Census Bureau (Local Employment Dynamics) and Leland Consulting Group.

Industrial Activity

Most manufacturing, transport, and wholesaling sector jobs in north Sheridan are primarily clustered along the BNSF rail lines. This is in large part due to the historical role that rail played in these industries and the permanence of land use patterns established a long time ago, as illustrated by the cluster of firms on the now-closed Fort Road rail spur. Aside from rail users noted in this report, no other local businesses that need rail service were identified.

Retail Activity

Retail is clustered around major arterials, including downtown Main Street, Coffeen Avenue, and pockets of unincorporated land to the north. Without access to business-level sales tax data, it is difficult to precisely quantify retail sales at specific locations. Nonetheless, this information can be approximated using retail employment data, consumer spending data, and other benchmarks.

Assuming sales per retail employee are generally consistent across the county, we estimate study area retail sales are approximately $73,000,000 annually. With approximately $23,000,000 in lodging and dining sales also in the study area, the total retail-related sales in the study area are estimated to be $96,000,000, or roughly 17 percent of all countywide retail related activity.

While the current effect of rail on Sheridan retail cannot be quantified, several factors probably have a negative impact for nearby shops and restaurants:

- Limited east-west access
- Periodic waiting for passing trains
- Reduced air quality
• Periodic noise

Local retail spending by households and businesses located east of the tracks is limited given that area’s sparse population and development.

The large concentration of commercial uses along Coffeen Avenue is notable since its accessibility is not affected by rail traffic – freeway access and access by the vast majority of Sheridan residents is maintained regardless of the frequency and duration of rail traffic.

![Figure 11. Retail Employment in Sheridan, 2010](image)

Current Rail Users

Known current users of local rail service in Sheridan.

1. Zowada Recycling & Steel: Fort Road facility has no rail service, but is related to their Sawmill facility.

2. Zowada Recycling & Steel: Sawmill facility (leased); uses existing rail; may seek to purchase if rail remains (7 employees).

3. Oxford, Inc.: Sawmill facility (leased); periodic user of existing rail for dust abatement products.

4. Wolf Mountain Coal: owned property; frequent rail user for coal shipments (17 employees)

5. Cloud Peak Farmers COOP: fertilizer sales with direct rail service (19 employees)

In all, approximately 40-50 local jobs currently depend, at least partially, on freight rail service through town – less than 3 percent of total impact area jobs. This figure excludes direct employees of BNSF and does not consider jobs indirectly supported by rail-dependent firms.
Future Alternatives

Steadily increasing demand for coal in Pacific Rim markets is spurring plans for several new rail terminal distribution facilities on the west coast of the United States. If built, these terminals, together with increasing domestic energy demand, would likely result in a rise in coal freight traffic passing through Sheridan over the coming years. This analysis evaluates the relative costs and benefits of three planning scenarios for rail activity in Sheridan related to the prospect of building the rail realignment that would allow through traffic to bypass Sheridan:

1. Do not build the rail realignment: Growth in rail service will be accommodated through the existing Sheridan rail alignment.
2. Build the realignment outside of Sheridan, keeping a rail spur or loop in Sheridan for local rail using businesses.
3. Build the realignment and shut down the existing Sheridan loop, eliminating local service.

The three scenarios each entail a set of consequences for Sheridan's existing rail users, other industries, residents, and the local economy. The impacts of each vary in terms of both likelihood and magnitude, and are informed in part by the preceding existing conditions analysis.

The following discussion begins with an outline of baseline assumptions, including a recap of relevant existing conditions. After providing a more complete description of each scenario, we analyze the challenges and opportunities that would likely be encountered in each scenario and conclude with scenario-specific strategic and implementation recommendations. Because factors such as global economic conditions that are beyond the control of the City will play a significant role in determining which scenario comes to pass, this report does not advocate for one scenario over another. Instead, it summarizes the likely economic and development considerations stemming from each alternative and provides recommendations for how best to ensure positive outcomes for Sheridan if any of the three scenarios comes to pass.

Baseline Assumptions

This analysis makes several assumptions, which are summarized below.

- Freight rail traffic, primarily coal hauling, through Sheridan is high and likely to rise over the coming decade, with approximately 30 trains per day now, projected to double over 10 years. Per the SERT Study, at 5th Street, this traffic results in delays for 2,200 vehicles per day (and an unknown amount of route-avoidance).
- The portion of central Sheridan within one-quarter mile of the existing rail facilities (the study area) is growing slower than the rest of Sheridan County.
- The east side of the tracks, in particular, is economically disadvantaged, with lower development density, lower property values, lower household incomes, and lower paid wages.
- Firms in Sheridan currently using local freight rail service employ about 40-50 people.
- Retail, lodging, and dining spending in the study area totals approximately $100 million annually, or 17 percent of all countywide sales.
- Negative impacts of rail activity and facilities are difficult to quantify, but generally acknowledged to stem from frequent traffic delays during train crossings, disrupted local street network, noise and vibration, air pollution, and hazards to motorists and pedestrians.
- The new rail realignment 5 to 10 miles east of Sheridan would cost approximately $150 million according to the SERT Study.
- Of most significance to the entire study, interviews with stakeholders indicate that BNSF is unlikely to fund, even partially, the construction of the rail realignment. The conclusion is that construction of a realignment is a highly unlikely possibility.
- If rail service in Sheridan were changed, BNSF is legally obligated to maintain service to existing rail users under any scenario (or to otherwise compensate users for loss or service).
Alternative 1: No Realignment Built

Description

In this alternative, all future rail traffic through Sheridan would be accommodated by existing facilities, as all tracks and yards would remain in place. Local users of rail service would be free to remain, expand, contract, or leave as dictated by economic or individual circumstances. New rail users could conceivably be added. Presumably, the City of Sheridan and Sheridan County would make no significant changes to the local road network in terms of new at-grade or grade-separated crossings. This "do nothing" scenario would not involve construction of the rail realignment, but would entail a number of potentially significant impacts, especially if freight volumes increase over time as projected.

Challenges

Assuming coal traffic increases as projected, the Sheridan community will experience a gradual, but significant, worsening of train-related inconveniences, nuisances, and health impacts. These include:

- Vibration and noise from train movement, engines and horns;
- Ambient Air Quality impacts from locomotive diesel emissions and the shipment of commodities;
- Traffic delays at train crossings; and
- Pedestrian and traffic hazards at rail crossings.

Each of these impacts would generally be expected to grow in a linear fashion as a function of increased train traffic. In other words, the projected doubling in train activity would result in approximately double the levels of vibration, noise, air pollution, and risks for collisions.

Physical road access to study area shops and restaurants will be unchanged, since there will be no more or fewer dead-end streets. The number of traffic delay incidents, on the other hand, is projected to approximately double in daily frequency and aggregate daily duration over the next 10 years.

Automobile visitor traffic using 5th Street to access downtown will have a significantly greater likelihood of facing a lengthy train delay. For those unfamiliar with Sheridan, this will simply be an annoyance, but repeat visitors and regional drivers who visit the city often may shift their habits to avoid the inconvenience. These prospective shoppers and diners will begin to favor the alternative interchanges at North Main.

Figure 12. Freight Rail and Residential Property Values

Research in other cities has shown a negative correlation between residential property values and the proximity to a freight rail line. While more analysis would be needed to quantify a specific statistical effect in Sheridan, it does indicate that freight rail lines in general have a negative effect on residential property values.

<table>
<thead>
<tr>
<th>Location</th>
<th>Context/Study</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>South of Everett, Washington (2012)</td>
<td>Detailed real estate appraisal estimating anticipated changes in home values in areas where coal train traffic was expected to roughly double from 15 to 30+ trains per day.</td>
<td>Estimated single family residences would experience five to 25 percent drop in market value. Multi-family price drops would be less severe (five to 15 percent). Commercial properties would drop five to 10 percent. Industrial values would be least affected, dropping five to eight percent.</td>
</tr>
<tr>
<td>Cuyahoga County, Ohio (1996 to 1999)</td>
<td>Cleveland area impact assessment conducted prior to CSX/Conrail merger, involving route consolidation</td>
<td>Average loss in value between $3,800 and $5,800 (5% to 7%) for houses under 1,250 s.f. within 750 feet of a railroad track.</td>
</tr>
<tr>
<td>Los Angeles, California (1995 to 2009)</td>
<td>Area near the Los Angeles seaport where freight rail was rerouted to a central corridor. Looked at changes in home prices in areas 1/3 mi. from tracks where traffic increased versus where traffic decreased (controlling for regional price trends).</td>
<td>For houses within 1/3 mile of the tracks, each 10 million gross ton times per mile (MTGTM/mi) increase in rail traffic led to a 0.7 percent reduction in home values. This translated into an estimated $3,500 price drop per house.</td>
</tr>
</tbody>
</table>
Street and, more likely, Brundage Lane to access retail services. Because train traffic is already high, some of this shifting may have already occurred. Increased train traffic will make it more challenging to access downtown retailers, potentially having a significant impact on downtown vitality.

The effects on property values and general development patterns are more indirect, but would include a general lowering of property values within the study area (or reducing the increases in values over time), particularly east of the rail line and nearest to the tracks. Residential development, especially single family, is considered to be more sensitive to freight train nuisances. The residential area to the east of the tracks would be expected to continue to decline, as any new investment in housing (or upgrading existing housing) would not be able to change the overwhelming effects of noise, vibrations, train emissions, and traffic, as well as the possible effects of coal dust and odors. As shown in Figure 12, the presence of freight rail can have a negative effect on property values. Increased freight activity through Sheridan would be expected to increase this effect locally.

Opportunities
The primary area of new opportunity associated with keeping the current rail facilities in place relates to expansion and recruitment opportunities for businesses relying on freight rail service. None of the current rail users in the study area mentioned any specific plans for growing operations in the near future. One firm, Zowada Recycling and Steel, had indicated some interest in purchasing the facility they currently lease on the former Sawmill site. Such a move would perhaps signal some greater permanence for that particular rail-using employer, and could pave the way for future expansion.

It is possible that retaining through-town rails and loading yards could present opportunities for other establishments in need of freight rail service or for businesses that provide service to the rail industry such as locomotive repair. Rail remains among the most cost-effective means of transporting goods. This efficiency is greatest for bulk goods (like coal) but can extend to other kinds of heavy freight, especially where flexibility of routes is not an issue. One area of growth among rail-using industries is for firms engaged in shipping heavy equipment and materials for the oil and gas industries (such as drilling machinery, pumping equipment and pipeline materials). Sheridan is not ideally situated, geographically, to participate in this industry segment, as it is not adjacent to major active oil and gas fields. It is conceivable, however, that a Sheridan-located firm could provide some value-added role: for example, taking raw materials or rough goods originating in Asia, manufacturing some specialized petroleum industry heavy equipment in Sheridan, and shipping it on to oil and gas extractors further along the line (to the Casper area, North Dakota or even further, to Colorado, New Mexico, Texas and Oklahoma). This report does not include a detailed target industry analysis for specific types of rail-dependent firms, so other niche activities unrelated to oil and gas extraction are not considered here.

Finally, housing affordability has become a recurring if not perennial social problem for cities of all sizes. For better or worse, Sheridan's railroad tracks and freight yards have ensured a relatively constant inventory of permanently affordable housing between the tracks and Interstate 90. This scenario would preserve that arrangement into the future, although it would do nothing to address the physical conditions of blight that might also be contributing to the affordability of these properties.

Implementation/Strategy
Any scenario that does not include removal of through-town rail must entail effective strategies for mitigating the effects of the expected increase in rail traffic. Expansion of quiet zones, where locomotive horn usage is limited, can be at least somewhat effective in easing the noise problems in shopping and residential districts. The recently constructed quiet zones at 5th Street and First Street have greatly reduced noise impacts in Sheridan. However, many other impacts such as vibration, air pollution, and engine noise will remain, constraining the attractiveness for properties near the tracks for residential uses. Sheridan is the only location in Wyoming that is in non-attainment for fine particulate pollution (PM10), which presumably would be made worse with the increased diesel emissions and possible dust emissions. Therefore, the
implementation strategy under this scenario should be one of maximizing efforts to mitigate the negative impacts of the increased rail traffic. These actions should include:

- **Implement the projects identified in the recent East 5th Street Corridor Plan.** These projects include:
  - Gateway treatments such as monuments, streetscapes, and improved wayfinding – geared towards preserving 5th Street's role as entryway to downtown Sheridan;
  - Encourage industrial uses east of the tracks and more mixed-use development throughout the 5th Street corridor; and
  - Expansion of vintage-styled rubber tire trolley service downtown.

- **Reevaluate the implementation of the Sheridan Historic Rail District Master Plan,** which envisions the lands surrounding the City's existing rail facilities becoming home to an expanded creative district for Sheridan. This goal will be more challenging to achieve with the greatly increased rail traffic, which may trigger a need to revisit the geographic location of certain plan elements and actions to achieve that vision. This report does not make any recommendations about how the Sheridan Historic Rail District Master Plan should be changed, but merely makes note that some changes would likely be needed.

- **Continue to promote economic development on North Main Street.** The growing inconveniences and nuisances surrounding the access of downtown Sheridan via the Interstate 90 and 5th Street interchange are, in fact, likely to raise the prominence of the North Main interchange. Catalyst projects on the Wrench Ranch properties and the lack of train-based delays for users of that exit (either at the current or proposed locations) should improve the relative attractiveness of properties along the portion of Main Street lying north of the study area. As such, redevelopment opportunities there may begin to supersede those downtown and elsewhere in the study area. The City and County should also consider implementing a quiet zone on the North Main crossing (County Road 88) to reduce rail noise in the North Main area.

- **Explore impact mitigation funding if coal traffic increases.** Through Wyoming's Industrial Facility Siting process, Sheridan may be eligible for impact mitigation funds if mines in Wyoming expand, those expansions increase train traffic through Sheridan, and impacts from that traffic can be shown.

**Alternative 2: Realignment with Improved Local Service**

**Description**

This alternative assumes that, though freight rail traffic is moved to the realigned route several miles east of Sheridan, the existing rail line through Sheridan would remain in place and in service for local businesses. The vast majority of traffic, primarily coal hauling, would shift to the realignment, leaving only relatively infrequent rail movements through central Sheridan. The exact nature of the local line could take on many forms, either as a one-way spur from the new realignment or as a full loop (as currently constructed). Likewise, depending on the level of local service, the local line could be operated by a new short line rail operator.

**Challenges**

Interviews with freight rail industry experts and BNSF representatives indicated that it is unlikely that BNSF would provide local service on its own if a realignment were built. Local service would need to be provided by a short-line railroad operator who would take over responsibility for the Sheridan track from BNSF.

A significant challenge associated with this scenario relates to the economic viability of the short line itself. Rail industry experts interviewed for this study indicated that most short line railroads require at least two
trains per day, but usually more, in order to be economically viable. Current volumes for local users identified in this study are well below those levels, often as low as two railcars a week. As such, local volumes would need to be significantly increased by expanding existing rail-using businesses and/or attracting new users of the types described under Scenario 1 above.

Assuming a short-line operator could be found and local demand increased to the level of economic feasibility, the challenges present under this scenario would primarily relate to the continued presence of most, if not all, physical rail facilities (tracks and freight yards) in central Sheridan. Significant improvements to the local road network, such as construction of new crossings, either at-grade or grade-separated, would still be prohibitively costly. In this scenario, automobile traffic delays due to train movements would become far less frequent but the permanent inconveniences of multiple dead-end streets would remain.

**Opportunities**

As with Alternative 1, this scenario has the advantage of leaving current rail users operationally intact. In fact, the removal of high volume coal traffic onto the realignment would help to ensure that local users, including those recruited to Sheridan in the future, would not have to compete as directly with coal trains in terms of getting service. Assuming that a short-line operator is found to operate and maintain the local track in Sheridan, this scenario would present the greatest opportunities for economic growth of rail-using businesses in Sheridan. Furthermore, local BNSF jobs would also be preserved, and could potentially increase if the new rail yard included expanded rail switching and maintenance services. These jobs would no longer be in Sheridan’s core, but would be only a few miles away, leaving Sheridan as the main commercial and residential community to benefit from and serve those jobs.

Significant declines in (though not elimination of) traffic delays, noise, air pollution, and safety hazards would present Sheridan with the opportunity to improve and expand non-rail activities, especially downtown and along North Main Street. Retailers downtown could expect some recapture of the steady leakage of retail business to the Brundage Lane area. Residential development downtown, currently constrained by train-related nuisances and hazards, could see a resurgence in the form of vertical mixed-use development (such as apartments above storefronts), lofts, rowhouses, or other context-appropriate forms. Even non-rail-dependent industrial and light industrial users could begin to reconsider locating within the study area as delays to truck traffic become far less frequent.

The ability to retain train tracks and freight facilities in central Sheridan maintains the historical authenticity of the railroad in Sheridan, which plays a role in drawing tourists to areas such as the Railroad Depot and the Sheridan Inn.

**Implementation/Strategy**

The feasibility of this scenario depends largely on finding a short-line operator to own, operate, and maintain the tracks serving Sheridan. As noted, local rail usage would need to increase dramatically, from today’s equivalent of a few railcars per week to a minimum of two of trains each day. In order to do that, a robust economic development strategy would be needed to ensure that there is adequate local rail demand to sustain a short-line operator. Steps to ensure this should include:

- **Identify industry types and specific businesses likely to utilize rail service in Sheridan.** There are relatively few industry sectors today that are expanding their utilization of rail. Nevertheless, with a high quality of life, ample industrial land, and access to the national rail network, Sheridan could be an attractive place for such businesses. A detailed study to identify potential rail-using industry sectors and specific businesses that could locate in Sheridan should be conducted in order to provide greater assurance about the feasibility of reaching the threshold of service needed to sustain a short-line operator. Potential industries in these sectors include those servicing the coal industry (heavy equipment and supplies), coal and other commodity distributors, metals recyclers, and large manufacturers that bring in raw materials and/or ship out finished products by rail.

- **Continue to promote Sheridan as a place to locate new businesses.** Sheridan has already had great success in growing businesses such as Ptolemy Systems and recruiting others such as
Vacutech LLC. Plans for the Wrench Ranch and the Sheridan High-Tech Park are consistent with the vision of Sheridan as a premier place to do business. This work, including aggressive marketing to larger firms, should continue so as to grow Sheridan’s economic base and leverage the investment that would be made in a local-serving short line.

- **Redevelop the Sawmill and rail yards properties as a rail-served industrial park.** The rail yards and Sawmill will continue to be Sheridan’s primary rail-served industry address. As such, they will be the likely location of any business that need rail service in the future. Preliminarily described later in this report, these properties should be redeveloped to provide flexible development sites to accommodate a range of rail-using businesses on a lease or build-to-suit basis. With a managed development site, quality landscaping and physical landscape, and a robust branding and marketing effort, the site could attract rail users from outside the region. Potential uses at the sawmill could even incorporate wood products again such as pellet manufacturing for shipment around the U.S. and internationally or for co-firing at the coal-fired power plants. As both properties are privately held, any redevelopment strategy would need to be done in a cooperative public-private partnership and only with the willing participation of the landowners.

**Alternative 3: Realignment with No Local Service**

**Description**

The third scenario would involve construction of the same rail realignment discussed in Alternative 2, yet without any continuation of local rail service through central Sheridan. This alternative may or may not entail the additional creation of a trans-loading facility adjacent to the realignment, so that local firms still wishing to use rail could have their goods trucked between their existing loading facilities and the relocated line. Other current rail users would presumably be financially compensated to fulfill BNSF’s continued-service obligation. The chief difference between this alternative and Alternative 2 is that central Sheridan would no longer host the railroad tracks, sidings, and associated freight yards. These would presumably be removed, making the property available for redevelopment.

**Challenges**

The primary challenges associated with this option relate to the constraints on expansion for firms currently using freight rail in Sheridan. While these users would be compensated for any loss of rail service, such compensation would be based on current operations and would be unlikely to take into account any expectations of growth those firms may have. A transload facility requiring trucking of goods to the realignment, however, may be a viable business model for these existing businesses (see Figure 13). A modern facility with excellent truck service and I-90 access could

**Figure 13. Transload Facilities**

Transload facilities provide rail options to local companies that otherwise do not have direct rail access to their businesses. Transload facilities offer local shippers the opportunity to transload their products to and from rail facilities. Working in tandem with a transload facility would need to be a strong network of local short-haul truckers who can pick up and deliver these commodities between the shipper and the railroad.

Transload facilities are capable of handling several types of commodities for local shippers such as food products (dry and liquid), paper, grain, pipes, frac sand, gravel, chemicals, petroleum products, lumber, plastic, wind turbine parts, and steel products.

Transload facilities are generally owned and operated by railroads or trucking companies and are cost competitive versus long-haul truck shipments. Local shippers also do not have the expense of paying for or maintaining the track infrastructure at a transload facility.

A successful transload facility in Sheridan would be located alongside the realignment at a site with major access to I-90 such as near Acme, Wyoming. The development of this transload facility will require a good working relationship with the local BNSF Operating Department and the BNSF Economic Development and Marketing Departments – these entities will help direct the development of a transload facility and will offer their expertise in its development from inception to construction and beyond. The BNSF Economic Development and Marketing representatives will work with existing and prospective rail shippers; these experts are the key to the successful development of a transload facility and will help develop the logistics associated with shipping by rail.
actually be a competitive advantage over rail service to individual business sites.

If the realignment included a new rail yard located at Acme, Wyoming, BNSF employees currently living and working in central Sheridan would have to commute an additional 8.5 miles each way. While this would be an inconvenience for those employees and their families, it is unlikely that such a change would necessitate a change of residence for those households.

While this alternative potentially frees up a great deal of land for redevelopment, the rates of household and employment growth in Sheridan – key drivers of development demand – are relatively modest. As a result, the pace of redevelopment might be quite slow, making it challenging to achieve a “sense of place” through a critical mass of redevelopment. Given Sheridan’s desire to see successful redevelopment at Wrench Ranch and North Main, the City and its development community will need to exercise a measure of discipline and patience in the revitalization of its rail corridor. In fact, depending on the timing of a hypothetical rail realignment, there may be some temporary negative pressure on land prices due to the quantity of land that would enter the market.

Opportunities

Opportunities associated with this scenario stem primarily from the redevelopment potential driven by the removal of rail facilities and rail-related nuisances. Notwithstanding the cautionary comments just noted above, the volume of prime, centrally located land that would become available for non-railroad uses would open up some exciting possibilities for both private and public infill development.

Among these opportunities is the elimination of existing rail crossings and the associated inconvenience that comes from frequent train crossings. This change could greatly affect the character of 5th Street, enabling the vision described in the East 5th Street Corridor Plan to be achieved without any constraints imposed by rail traffic. Likewise, the Sheridan Historic Rail District Master Plan and its associated vision of the area as a creative hub could also be more easily achieved.

Over the long term, the elimination of rail would make many transportation projects possible, such as the creation of new east-west streets to better connect the east and west sides of the study area. This greater connectivity could improve economic and residential development opportunities in both areas. Similarly, the existing rail right-of-way could be converted to a trail or other recreational amenity, increasing the attractiveness of adjacent neighborhoods as a place to live and work.

Implementation/Strategy

Implementation of this alternative would arguably have the greatest impact on Sheridan in terms of the physical change to the landscape. All freight traffic would be diverted away from town, opening up significant redevelopment opportunities as well as creating the opportunity to develop a regional freight hub at a transload facility. To capitalize on the opportunities and challenges presented by this future scenario, the following strategies should be pursued:

Figure 14. Transload Facilities in the Region

One example of a transload facility is the Casper Logistics Hub in Casper, Wyoming. This facility, located on 700 acres outside of Casper, provides the ability to transload a wide range of commodities and materials, including those related to the wind turbine industry. Other transload facilities in the region include Big Horn Divide in Shoshoni, Wyoming; Mountain View Reload in Shelby, Montana; and Tiger Transfer in Upton, Wyoming.

Images of Casper Logistics Hub
• **Ensure that the realignment includes a suitable transload facility.** Such a facility will be needed to provide rail service to Sheridan businesses. Without it, these businesses will either close, move out of the area, or switch to moving freight by truck, which may be more expensive and economically uncompetitive. Therefore, as the realignment planning moves forward, a transload facility that is designed to serve Sheridan should be included at all stages of planning. As part of this effort, it should also be explored whether the existing rail right-of-way could be used to provide truck service to the transload facility, easing impacts on I-90 and other roads.

• **Continue to reach out to existing Sheridan rail users to fully understand their service needs.** Initial outreach to regional industrial users was conducted as part of this planning study. Ongoing and more extensive outreach will be needed to thoroughly understand the needs of Sheridan’s current rail users and how a transload facility could serve their needs in an economical fashion. This outreach should be part of a broader outreach effort specially targeted to businesses that use rail. This effort will demonstrate the commitment of Sheridan’s economic development community to rail industries and will help deliver a positive message that Sheridan is a viable location for rail-using industries even without local service.

• **Refine redevelopment plans for the rail yards and sawmill sites.** Without rail service, these sites could take on a much different land use character than they do today. While this study provides an initial overview of what could be achieved at these sites should rail service go away, a broad-based planning effort in partnership with the property owners should be undertaken in order to evaluate at a greater level of detail potential uses, to develop a strategy to prepare the sites, and to begin redevelopment. As described in the Redevelopment Opportunities section of this report, the sites would likely continue to provide an employment focus given their size and location, but they could also incorporate a range of other mixed uses.

### Redevelopment Opportunities

Regardless of whether the realignment is built or not, there are significant redevelopment sites along the rail corridor that could support economic development efforts in Sheridan. As part of an overall cost-benefit discussion of the realignment, these redevelopment opportunities can be useful in understanding how changes to the rail environment could spur economic development in Sheridan.

• Former Stockyards Site
• Sawmill Site
• Existing Rail Yard Site

This section of the report presents opportunities and challenges associated with the potential redevelopment of each of these specific sites under each of the three railroad alignment alternatives. Each site includes a tabular summary of rail-dependent redevelopment opportunities as well as those for other potential uses. Concluding each analysis is a discussion of actions and strategies that would apply to each scenario.
Former Stockyards

Figure 15. Stockyards Site Map

Source: Leland Consulting Group and Google Earth.

Location
The Stockyards site is located in the North Main Corridor on Higby Road, between Kooi and Seymour streets. This site was formerly utilized as a stockyard and now is home to Northern Lights Electric Company. It is approximately 5.6 acres in size and is privately owned.

Context
Given its large size and accessibility to I-90 via the North Main interchange, this site has the potential to be redeveloped into a wide range of uses. Adjacent properties include a motel and a mix of industrial uses and outdoor storage, some of which visually detracts from the potential of the site. One block to the south is the Trails End Motel, which hosts a series of concerts each summer. Nearby are major employment sites including the V.A. Medical Center, Wrench Ranch development, and the Sheridan High-Tech Park. The Stockyards site is served by all major utilities (to its edge) and has potential access to North Main from the northwest corner of the property.

Development Strategies
Since the Stockyards site does not currently have rail access, redevelopment opportunities will not directly be impacted by the decision to build or not build the realignment. However, train volumes and noise, especially considering that there is an at-grade crossing immediately across from the site at Allen Avenue where trains must blow their horns, impact the character of the site and surrounding properties. Redevelopment of the site should be considered in conjunction with the larger North Main revitalization initiative, especially considering the planned relocation of the North Main interchange. This relocation and associated street improvements...
will dramatically change the character of the northern section of the North Main corridor, especially if the existing interchange area is transformed into public open space, as some plans envision. Depending on the scenario, redevelopment could bring between 76 and 87 jobs to the site and development with a value of between $5.8 and $8.1 million (in 2013 dollars).

### Table 5. Stockyards Redevelopment Alternatives

<table>
<thead>
<tr>
<th></th>
<th>Alternative 1</th>
<th>Alternative 2</th>
<th>Alternative 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Railroad-dependent opportunities</strong></td>
<td>Limited (no realignment)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>Deteriorated condition and visual nuisances on neighboring properties. Limited visibility from North Main.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Possible land uses</strong></td>
<td>Light industrial business park, either for a single or multiple tenants. Industrial uses would not be rail-dependent unless a siding or loading facility were constructed under Alternative 2.</td>
<td>Without rail, mixed-use development including residential and hospitality is possible.</td>
<td></td>
</tr>
<tr>
<td><strong>Recommended improvements and strategies</strong></td>
<td>Investigate opportunities to assemble a larger site through acquisitions or partnerships with adjacent property owners. Work with adjacent property owners to remove outdoor storage and improve landscaping. Improve Kooi Street access to the site in order to give it better accessibility and visibility from North Main.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Partnerships and players</strong></td>
<td>North Main Association – To spearhead ongoing redevelopment efforts along North Main. Forward Sheridan – To assist in recruiting employers and developers to the site. Property owner – Implementation will ultimately be the role of the current or a future property owner of the site.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Potential Development Summary</strong></td>
<td>61,000 s.f. flex/light industrial</td>
<td>61,000 s.f. flex/light industrial</td>
<td>35 units multifamily residential 39,000 s.f. retail, dining, lodging</td>
</tr>
<tr>
<td><strong>Timing</strong></td>
<td>Development could begin immediately, but might take up to 10 years for full build out, with development accelerating after the completion of the new North Main I-90 interchange.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Development Value</strong></td>
<td>Approx. $5.8 million</td>
<td>Approx. $5.8 million</td>
<td>Approx. $8.1 million</td>
</tr>
<tr>
<td><strong>Employment Potential</strong></td>
<td>76 jobs</td>
<td>76 jobs</td>
<td>87 jobs</td>
</tr>
<tr>
<td></td>
<td>Approx. $3.5 million annual payroll</td>
<td>Approx. $3.5 million annual payroll</td>
<td>Approx. $2.0 million annual payroll</td>
</tr>
</tbody>
</table>

Notes: Development program assumes a floor area ratio (FAR) of 0.25 and 0.30, development value is based on assessed values for similar projects in Sheridan, which is approximately $100 per square foot of building for light industrial and retail uses and $120,000 per unit for apartments. Payroll estimates are based on Wyoming Labor Market data and is $46,000 per industrial employee and $23,000 per retail/service employee.
Sawmill Site

Figure 16. Sawmill Site Map

Source: Leland Consulting Group and Google Earth.

Location

The Sawmill site is located adjacent to the rail yards in east Sheridan, just north of 8th Street. The site is currently home to a range of industrial users including Zowada Recycling and Oxford Inc. It is a single parcel of 37.1 acres and is under private ownership.

Context

This is one of the largest industrial sites in the city and is located in close proximity to the 5th Street interchange with I-90. Surrounding uses include other light and heavy industrial uses, including the BNSF rail yards immediately to the west. Between 8th Street and 5th Street is a residential neighborhood that includes the ball fields at Oatts Memorial Park. Along 5th Street is a mix of commercial and residential uses.

Development Strategies

The development strategy for the Sawmill site is dependent on whether the realignment is built or not. Since the site is currently served by rail, it is ideally suited to continue to provide development opportunities for rail-using businesses. Depending on the scenario, redevelopment could bring between 280 and 400 jobs to the site and development with a value of between $20.3 and $42.3 million (in 2013 dollars).
### Sheridan Railroad Corridor Economic Development Strategy

#### Table 6. Sawmill Redevelopment Alternatives

<table>
<thead>
<tr>
<th></th>
<th>Alternative 1 (no realignment)</th>
<th>Alternative 2 (realignment + local service)</th>
<th>Alternative 3 (realignment, no local service)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Railroad-dependent opportunities</strong></td>
<td>Significant opportunity for rail-dependent businesses to locate and expand</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>Haphazard condition of existing development, unknown contamination issues that would need to be resolved before development can take place.</td>
<td>Removal of existing rail infrastructure would be needed</td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>Proximity to downtown and I-90 interchange at 5th Street. Large, contiguous, and mostly flat site.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Possible land uses</strong></td>
<td>Industrial, employment business park. Industrial uses would include commodity distribution and heavy manufacturing that would utilize rail service.</td>
<td>Industrial, employment, plus the possibility of residential and other mixed uses.</td>
<td></td>
</tr>
<tr>
<td><strong>Recommended improvements and strategies</strong></td>
<td>Work with property owners to evaluate redevelopment opportunities and develop a phased implementation plan to clean up the site, develop infrastructure, and develop tenant-ready building pads for industry.</td>
<td>Without rail, the site should be considered as part of a larger east side redevelopment effort, extending to the rail yard and the entire Historic Rail District area.</td>
<td></td>
</tr>
<tr>
<td><strong>Partnerships and players</strong></td>
<td>Forward Sheridan – To identify and recruit potential businesses, rail-using or otherwise. Sheridan Downtown Association – To continue advocacy and planning related to the Sheridan Historic Rail District Master Plan. Wyoming Business Council – As a possible funding source for site redevelopment and planning assistance. Property owner – Implementation will ultimately be the role of the current or a future property owner of the site.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Potential Development Summary</strong></td>
<td>223,000 s.f. of industrial and flex buildings</td>
<td>261,000 s.f. of flex industrial buildings</td>
<td>87,000 s.f. of flex industrial buildings 131,000 s.f. of commercial/retail buildings Up to 150 residential units</td>
</tr>
<tr>
<td><strong>Timing</strong></td>
<td>Development would be built out over 20+ years as market conditions necessitate.</td>
<td>Development would be built out over 20+ years, beginning with light industrial. Commercial and residential uses would be dependent on greater access to the site that could be made possible if the rail line goes away.</td>
<td></td>
</tr>
<tr>
<td><strong>Development Value</strong></td>
<td>Approx. $20.3 million</td>
<td>Approx. $26.1 million</td>
<td>Approx. $42.3 million</td>
</tr>
<tr>
<td>Employment Potential</td>
<td>Alternative 1 (no realignment)</td>
<td>Alternative 2 (realignment + local service)</td>
<td>Alternative 3 (realignment, no local service)</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>280 jobs</td>
<td>326 jobs</td>
<td>400 jobs</td>
</tr>
<tr>
<td></td>
<td>Approx. $12.8 million annual payroll</td>
<td>Approx. $15.0 million annual payroll</td>
<td>Approx. $11.7 million annual payroll</td>
</tr>
</tbody>
</table>

Notes: Development program assumes up to six acres will be deducted for internal roads and circulation. Density assumes a floor area ratio (FAR) of 0.20 and 0.30. Development value is based on assessed values for similar projects in Sheridan, which is approximately $100 per square foot of building for light industrial and retail uses and $120,000 per unit for apartments. Payroll estimates are based on Wyoming Labor Market data and is $46,000 per industrial employee and $23,000 per retail/service employee.
Rail Yard Site

Figure 17. Rail Yard Site Map

Location

The Rail Yard site is the current home to BNSF’s switching yard and associated maintenance facilities. It is adjacent to the Sawmill site and is located just north of 8th Street in east Sheridan. The site is approximately 45 acres in size.

Context

Should it become available for redevelopment, this site would be one of the largest redevelopment areas in the city. It is currently built out with a series of sidings and rail maintenance facilities for BNSF’s rail operations. Between 8th Street and 5th Street is a residential neighborhood that includes the ball fields at Oatts Memorial Park. Along 5th Street is a mix of commercial and residential uses.

Development Strategies

Development of the Rail Yard site is linked inextricably to the decisions of whether to build the realignment and whether BNSF maintains local service into Sheridan. So long as rail service remains, the site’s primary use should be for direct rail services (maintenance and switching) and rail-dependent industrial uses. If the rail line is removed, then a wider range of redevelopment uses is possible, as described below. Depending on the scenario, redevelopment could bring between 123 and 612 jobs to the site with a value of between $9.8 and $47.5 million (in 2013 dollars, excluding any existing development value of BNSF facilities). The
estimated jobs created under this scenario assume that BNSF jobs will remain in Sheridan and that a new rail yard is constructed at another nearby location)

Table 7. Rail Yard Redevelopment Alternatives

<table>
<thead>
<tr>
<th>Alternative 1</th>
<th>Alternative 2</th>
<th>Alternative 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>(no realignment)</td>
<td>(realignment + local service)</td>
<td>(realignment, no local service)</td>
</tr>
<tr>
<td><strong>Railroad dependent opportunities</strong></td>
<td>Undetermined. Growth in rail traffic could crowd out any onsite opportunities for industrial development.</td>
<td>Significant opportunity for rail-dependent businesses to locate and expand, assuming that not all of the site will be needed for rail operations</td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>Possibility that growth in rail traffic will exceed the capacity of the rail yard, making it difficult to serve local users.</td>
<td>Likelihood of environmental hazards that will need to be remediated.</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>Large, contiguous, flat site. Proximity to downtown and I-90.</td>
<td></td>
</tr>
<tr>
<td><strong>Possible land uses</strong></td>
<td>Continued rail yard activity. No new development.</td>
<td>Possibility to reduce rail yard activity and redevelop approximately 15 acres of the site for industrial development.</td>
</tr>
<tr>
<td><strong>Recommended improvements and strategies</strong></td>
<td>Work with BNSF to minimize impacts to surrounding area resulting from increased train traffic.</td>
<td>Assuming that BNSF sells the site to a short-line operator, work with future short-line operator to ensure that the Rail Yard site is suitable for ongoing operations. Partner with adjacent Sawmill owner to expand redevelopment potential.</td>
</tr>
<tr>
<td><strong>Partnerships and players</strong></td>
<td>BNSF – Will remain as property owner of the Rail Yard site. City of Sheridan – To coordinate planning and transportation issues related to higher rail activity.</td>
<td>Short-line operator – Presumed to be the new owner of the Rail Yard site. Adjacent property owners – Discuss redevelopment of Rail Yard site in conjunction with adjacent redevelopment of the Sawmill site.</td>
</tr>
<tr>
<td>Potential Development Summary</td>
<td>Alternative 1 (no realignment)</td>
<td>Alternative 2 (realignment + local service)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>No new development</td>
<td>Redevelopment of industrial uses on approximately 15 acres of the site (the rest remaining in active rail use). Approximately 98,000 s.f. industrial buildings and outdoor industrial facilities</td>
</tr>
<tr>
<td>Timing</td>
<td>N/A – no change</td>
<td>Only after realignment is built. Most likely 10-20 years.</td>
</tr>
<tr>
<td>Development Value</td>
<td>N/A – no change</td>
<td>Approx. $9.8 million</td>
</tr>
<tr>
<td>Employment Potential</td>
<td>N/A – no change</td>
<td>123 jobs Approx. $5.6 million annual payroll</td>
</tr>
</tbody>
</table>

Notes: Development program density assumes a floor area ratio (FAR) ranging from 0.15 for industrial to 0.30 for commercial. Development value is based on assessed values for similar projects in Sheridan, which is approximately $100 per square foot of building for light industrial and retail uses and $120,000 per unit for apartments. Payroll estimates are based on Wyoming Labor Market data and is $46,000 per industrial employee and $23,000 per retail/service employee.
Rail Yard Redevelopment Case Studies

Numerous cities in the United States have explored options for repurposing old rail yards if they are no longer needed. This section provides some case studies of other rail yard redevelopments as inspiration for exploring potential uses in Sheridan if the BNSF line were relocated to the realignment.

Santa Fe, New Mexico

Santa Fe, New Mexico was a critical railroad junction during the late 1800s and early 1900s. However, recent decades had seen the city’s 50-acre rail yard fall into disuse. In 1995, the city bought the 50-acre site with a plan to revitalize it.

Ten acres of the rail yard site have since been redeveloped as the Santa Fe Railyard Park and Plaza. The former rail yard is now the center of the city’s new arts-and-culture corridor and is home of the Santa Fe Farmers Market. The redevelopment also includes a trail system for bikes and jogging as well as local art galleries and residences.

Westside Business Park - Kansas City, Missouri

The Westside Business Park is a 22-acre former rail yard in Kansas City, Missouri. The site was used for servicing passenger coaches and locomotives from Union Station since the turn of the 20th century until it was abandoned in the 1970s.

Recognizing the rail yard’s redevelopment potential, the Hispanic Economic Development Corporation purchased the property. The corporation enrolled the site in the Missouri Department of Natural Resources’ Brownfields/Voluntary Cleanup Program. The site included roundhouses, service railcars, and locomotives. Abandoned structures have been transformed into office space. The Westside Business Park is home to a communications delivery company bringing jobs and new life to the area.

Baraboo, Wisconsin

The City of Baraboo, Wisconsin was a center for significant commercial and industrial activity in the 19th century. A Chicago & Northwestern (C&NW) rail yard built in the 1870s, became one of the largest in the state. C&NW ran the rail yard in Baraboo until the 1950s. After that a scrap yard operated on the site until the 1990s.
The City of Baraboo decided to build a public works facility on seven acres of blighted, underused land in the downtown area, including the former rail yard property. The new public works facility houses four city departments. The building is adjacent to other attractions and Baraboo officials hope that the site’s cleanup and redevelopment will spur more downtown revitalization.

**Birmingham, Alabama**

Birmingham, Alabama’s railroad system, built during the late 1800s, continues to be a major artery for industry. In recent years the city has looked for ways to revive the city center. The solution was to embrace the city’s railroad past and make it a focal point of revitalization efforts.

The city developed Railroad Park, a 19-acre greenway connecting downtown Birmingham with the region’s major employer, the University of Alabama at Birmingham. Railroad Park consists of footpaths, ponds, open green space, plazas, and a skate park Railroad Park provides views of downtown and the passing trains. The park has become a meeting space for city residents and has led to a series of new projects in and around the park. A new $64 million baseball stadium for the Birmingham Barons Double-A minor league baseball team is being built adjacent to the park.
Conclusion

Increased rail traffic from coal trains will have many negative, and a few positive, impacts on Sheridan. Construction of a realignment to reroute those trains outside of town would have several major benefits to the city, largely through the reduction in environmental and local transportation impacts and the creation of redevelopment opportunities. This report primarily focuses on the costs and benefits to be achieved through redevelopment or changes in use as a result of the three alternatives. The City of Sheridan would need to determine whether the benefits to be achieved outweigh the cost of construction of the realignment.

The following table summarizes the economic opportunity represented under each of the three alternatives. Since the first alternative (no realignment is built) is essentially a “no action” alternative, the development values and job potential represents what might happen in Sheridan over the long term as a base case. Therefore, the net opportunity in the realignment alternatives is the difference between those alternatives and this base case.

Table 8. Summary of Development and Jobs

<table>
<thead>
<tr>
<th>Site</th>
<th>Alternative</th>
<th>Primary Land Uses</th>
<th>Build-Out Value</th>
<th>Annual Wages</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockyards</td>
<td>1</td>
<td>industrial, flex</td>
<td>$5,854,464</td>
<td>$3,496,000</td>
<td>76</td>
</tr>
<tr>
<td>Stockyards</td>
<td>2</td>
<td>flex</td>
<td>$5,854,464</td>
<td>$3,496,000</td>
<td>76</td>
</tr>
<tr>
<td>Stockyards</td>
<td>3</td>
<td>hospitality, MF</td>
<td>$8,120,400</td>
<td>$2,001,000</td>
<td>87</td>
</tr>
<tr>
<td>Sawmill</td>
<td>1</td>
<td>industrial, flex</td>
<td>$20,386,080</td>
<td>$12,834,000</td>
<td>279</td>
</tr>
<tr>
<td>Sawmill</td>
<td>2</td>
<td>flex</td>
<td>$26,136,000</td>
<td>$14,996,000</td>
<td>326</td>
</tr>
<tr>
<td>Sawmill</td>
<td>3</td>
<td>flex, MF, comm'l</td>
<td>$42,393,000</td>
<td>$11,707,000</td>
<td>291</td>
</tr>
<tr>
<td>Railyard</td>
<td>1</td>
<td>rail</td>
<td>n/a</td>
<td>n/a</td>
<td>0</td>
</tr>
<tr>
<td>Railyard</td>
<td>2</td>
<td>industrial mixed</td>
<td>$9,800,000</td>
<td>$5,658,000</td>
<td>123</td>
</tr>
<tr>
<td>Railyard</td>
<td>3</td>
<td>comm'l/res</td>
<td>$47,490,000</td>
<td>$17,079,000</td>
<td>612</td>
</tr>
</tbody>
</table>

The redevelopment potential at the three studied sites is considerable, with a combined potential to create between 500 and 1,000 jobs under the two realignment alternatives (alternatives 2 and 3) over the long term, or between 170 and 635 new jobs over the base-case alternative. However, it should be noted that Sheridan is a historically slow-growing community and it could take decades to realize this level of growth without a concerted economic development strategy to recruit and grow businesses. Couple this with the fact that BNSF is unlikely to fund any of the realignment and it is difficult to determine where the needed funding would come from. This is especially true in today’s financial and political climate.

The redevelopment of the key sites would represent a significant economic impact in terms of capital investment, ranging from $41 million to $98 million at full build out, or a net increase of between $15.5 million and $71.8 million over the base alternative. Again, the actual build out of each scenario will depend on actual growth (population and employment) in Sheridan that creates market opportunities for such development. This new development will need to compete with, or complement, other key industrial areas such as the Wrench Ranch and High Tech Business Park, both of which are farther ahead in terms of infrastructure and actual development. In a community the size of Sheridan, and in a time of limited resources, it might be difficult to fully build out three industrial areas without one or more being negatively impacted. Any decisions made on the new sites would need to weigh the impacts on existing and planned developments.

Implementation of any of the alternatives would require a robust and coordinated public-private marketing strategy to attract jobs to the region, especially those that are rail-dependent. To maintain rail service in Sheridan without the main BNSF line, Sheridan would need to increase the base of business that utilizes rail severalfold. This would be difficult to realize in the near-term and could take limited resources away from
projects currently underway that have a more immediate promise to deliver jobs to Sheridan. Regardless of which alternative comes to pass, the Stockyards, Sawmill, and Rail Yard sites represent unique opportunities to expand on Sheridan’s assets to create distinctive places for employment and other mixed uses. While these sites should remain in discussion for long-term redevelopment they should not take away from current efforts elsewhere. Should rail-dependent industry not materialize, Sheridan should also keep other uses for these sites, such as community space, parks, a more developed historic rail corridor, and an art district, open for discussion. The Trail’s End Concert Park has shown that being located along a rail line is not a deterrent to non-industrial uses. There are numerous community planning documents that list possible uses and development scenarios for the rail corridor. All of the plans should be weighed against each other to determine a future course of action for Sheridan.