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BNSF Railway closer to new yard opening

BNSF Railway Co. moved a step closer Friday to building a second intermodal rail yard in North Texas, this one in southern Dallas County near competitor Union Pacific Railroad Co.'s \$90 million facility.

Matt Rose, chairman and CEO of Fort Worth-based BNSF (NYSE: BNI), signed an agreement Friday that ensures the railroad the right to buy from 387 acres to 490 acres of land from The Allen Group for a new yard, according to Edward Romanov Jr., president and COO of The Allen Group.

The move is not "the final step," but rather "a major step," said Romanov, noting it would be the second such railyard for Allen Group's 6,000-acre master planned Dallas Logistics Hub, which sits adjacent to UP.

"We're just thrilled with this development," said Romanov. "We'll be the talk of the logistics industry by Monday morning."

BNSF confirmed in a statement Friday that it had purchased an option to buy land.

Romanov announced the latest development in the company's talks with BNSF at a grand opening ceremony at Lancaster Municipal Airport for the logistics hub. Romanov also announced construction will start in 60 days on the hub's first buildings, two state-of-the-art, speculative industrial facilities, one of them 630,000 square feet and the other 207,000 square feet.

While the boundaries of the logistics hub extend into several cities and counties, the first buildings will be located in Dallas.

"That's in recognition of the city support we got," Romanov told a crowd of several hundred, including numerous city, state and national dignitaries on hand for the occasion.

A \$1.35 billion bond package recently approved by the voters of the city of Dallas included \$33 million to develop everything from roads to water and sewer lines in the logistics hub.

Citing that kind of city contribution as "unprecedented," Dallas Mayor Laura Miller said she believes the Dallas Logistics Hub project is as significant to the city's economy as the development as Dallas/Fort Worth International Airport 30 years ago.

California-based The Allen Group, led by founder Richard Allen, told the city more than 18 months ago about its plans for the major development. The company's reputation as a successful national developer preceded it, said Miller, and the master planned development is like "winning the lottery" for Dallas.

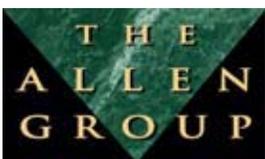
"We won't see another project like this again for a long time," she said.

Allen, speaking after the ceremony, speculated "90 percent probability" that BNSF will move forward with the intermodal yard.

"In my mind, it's a done deal," he said. "They want it. And we want it."

BNSF currently has a major intermodal yard at Fort Worth Alliance Airport, handling both domestic and international rail freight. It competes aggressively with Omaha, Neb.-based

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UP to win container shipments from the various ocean liner shipping firms.

In confirming the option to buy land in southern Dallas County, BNSF affirmed its business presence at Alliance.

"The option does not lessen BNSF's commitment to its Alliance facility near Fort Worth. BNSF believes Metroplex growth patterns and geography may warrant its participation in the Alliance and Dallas facilities in order to best serve its customers," the company said in a prepared statement.

Intermodal -- shipping products by multiple transportation modes -- is the fastest growing freight segment in the nation's rail industry due to a flood of Asian goods into the U.S. The imports arrive in ocean-going containers, mostly via ports at Los Angeles and Long Beach, Calif. The huge containers are "lifted" by giant cranes onto rail cars, then shipped to intermodal yards in Dallas-Fort Worth, Chicago and a few other major distribution hubs. Trucks then deliver the containers to distribution centers.

For BNSF to have multiple intermodal yards in one area is rare, but not unheard of. Throughout its massive U.S. network of intermodal yards, BNSF has two in southern California, and three in Chicago.