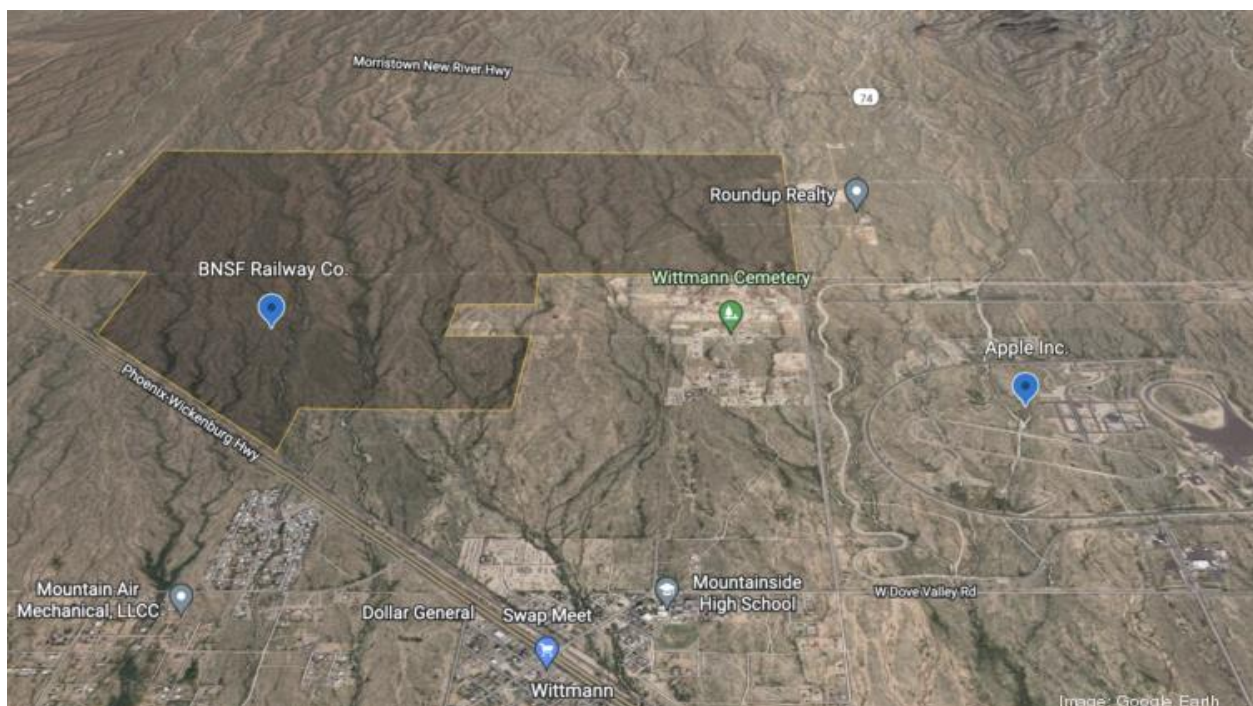


Deja vu: Residents from rural community protest BNSF's Valley plans for second time in 15 years



The Arizona State Land Department plans to move forward with an auction for 3,500 acres adjacent to Wittmann in March 2022. BNSF Railway Co. is expected to bid of the massive site in the far northwest part of the Valley.

GOOGLE EARTH

By [Audrey Jensen](#) – Reporter, Phoenix Business Journal

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At the start of the Great Recession, dozens of Wittmann residents and ranchers banded together to fight a city of Surprise proposal that would significantly impact their rural community.

BNSF Railway Co., owned by Berkshire Hathaway Inc. (NYSE: BRK.A), was eyeing the Valley for its next rail facility and had asked the city to designate hundreds of acres in Wittmann for industrial uses, city of Surprise documents said in 2007.

The giant freight company envisioned a 130-acre rail yard, 200-acre automotive shipping facility and up to 16 million square feet of warehouse space on a 723-acre parcel that cuts through Wittmann, similar to its other inland ports and industrial centers, according to Arizona Republic reports from 2007 and 2008.

But for months, Wittmann residents protested to the city of Surprise and attended heated meetings to voice concerns over transparency, safety of their schools and homes, crime, truck traffic, pollution and noise. Some residents had even proposed Wittmann being annexed into the nearby town of Wickenburg and created groups and a website to oppose BNSF's plans, according to reports at the time.

Surprise's planning commission recommended City Council reject BNSF's request but the city approved it anyway, while residents continued fighting the impending project. The project was slated to start construction in 2012, according to reports, but like many Valley projects put on hold after the Great Recession, the facility was never built. This was despite BNSF and the city's claims that the facility would bring 6,000 well-paying jobs to Surprise and "completely change how product moved through the Phoenix metro area." BNSF did not respond to questions about why the facility never came to fruition.

Rail company returns to Wittmann

Now it appears BNSF may be proposing a similar project once again.

Public records show that the rail giant began the long process in late 2020 of asking the state to put [3,500 acres of State Trust Land in the Wittmann area up for auction](#). The land borders the site where BNSF originally wanted to build in the late 2000s and is north of U.S. Route 60 and the existing BNSF rail line within the city of Surprise planning area.

Specific plans for the site have not been released, but BNSF could build a multi-modal rail transportation and shipping facility and millions of square feet of warehouse space, according to an appraisal and state documents. BNSF previously told the Business Journal that it's "too soon" to know what will be built on the site in the northwest Valley.

If BNSF successfully bids on the property at the March 30 auction at the Arizona State Land Department in Phoenix, it would also have to apply to annex and rezone the land and for a major general plan amendment to designate it for industrial uses in Surprise or rezone the land through the county.

While the economic implications of such a project [could be huge](#) for the Phoenix metro, some Wittmann residents have again opposed the rail facility, which state records said could start construction in 2025.

Following the Business Journal's initial reports on the proposed project, the Arizona State Land Department received more than 30 "written protests" through its online portal opposing BNSF's application and auction. Arizona law says protests of auction terms should be filed within 30 days of the auction posting.

Much of the protests filed came from longtime Wittmann residents citing concerns similar to those from 2007 about traffic congestion and safety, limited infrastructure, the environment, property values, noise and pollution. The site being auctioned is also part of a larger grazing lease that covers 12,585 acres, state land records said.

"In an area that is so quickly exploding with development, the sale of this vital public land will be incredibly detrimental to wildlife, the existing neighborhoods, and the delicate ecosystems that thrive in this transitional zone," one submitted protest stated. "My family has lived in the Morristown/Wittmann area for five generations now and we understand how important areas like this are for the livelihood of the ranchers that utilize the public land as well as the neighbors that enjoy having open and undeveloped state land surrounding their property."

Auction moves forward

Despite the protests filed against BNSF's application, the Arizona State Land Department commissioner is moving forward with the auction, which was initially approved in January. Part of the reason, according to an order issued by the commissioner on March 2, is that the oppositions were related to the applicant's plans and not the terms of the auction.

"While the commissioner and the department are aware of the applicant's current intended use for the parcel and have considered that use when determining whether the sale is in the best interest of the Trust, the commissioner's decision to hold the auction is not equivalent to authorizing the applicant's intended use," the commissioner's order stated.

Several residents also disagreed with the minimum bid price of \$49.1 million, or \$14,000 per acre, a price the department approved after they contracted Scottsdale-based Wayne Harding & Associates to conduct an appraisal in July 2021. The residents cited other land sales such as Apple Inc.'s purchase of the Chrysler Proving Grounds for \$125 million, or \$22,902 per acre last July. Arizona schools are the main beneficiaries of state land auctions.

But the department said the appraisal process was "proper" under state law. The appraisal also noted the proving grounds purchase was a "less reliable comparable" since the site is already incorporated into and zoned by the city of Surprise and has several million dollars in specialized test-track, building improvements and secured perimeter installed.

The commissioner has the power to hold a hearing, cancel the auction or proceed with it based on the validity of the protests. The commissioner's order concluded, however, that

"all grounds of all protests ... are either insufficient to constitute a valid protest or incorrect and therefore rejected."

Land experts speculate on price

Multiple industry experts agreed with the appraiser's initial assessment of the property and said the minimum bid price of about \$14,000 per acre for the "as is" desert land is fair since it would be an at-risk purchase and zoning is not guaranteed.

After adjustment, the six sales that Wayne Harding & Associates used to determine the value ranged from \$8,749 to \$15,000 per acre for parcels ranging in size from 542 to 2,818 acres, according to the appraisal.

"On this particular piece, I think the State Land Department appraised it as [speculative] land, used comps that are comparable," said Howard Weinstein, a founding principal at The Land Agency. "We wouldn't shoot holes in the appraisal and say it's too high or too low, I'd say it's probably pretty accurate."

Taiwan Semiconductor Manufacturing Co. [purchased 1,128 acres](#) of state land in north Phoenix in 2020 for \$89 million, or nearly \$79,000 per acre, which is a significantly higher price. But experts said it's difficult to compare land sales since each property is valued based on factors like the market at the time of assessment.

How much is invested in infrastructure or improvements, the specific location and size, the purpose of the sale and floodplain issues, which are prevalent in the Wittmann area, are also considered in an appraisal, among other reasons, Anna Sepic, vice president of LevRose Commercial Real Estate, said.

BNSF's plans could also be tied to a bigger picture of the TSMC facility and suppliers, Apple's purchase and use of the adjacent proving grounds and other large projects across the Valley, experts speculated. It will also be located between the Loop 303 and proposed Interstate 11, which would run from Nogales to Nevada through Arizona.

"I think the land is probably priced appropriately, especially if you consider what it brings to the Valley and the community from an economic point of view," said Paul Borgesen, senior advisor at SVN Desert Commercial Advisors. "They're not putting up a big factory, but the amount of civil engineering work that goes into it is pretty substantial."

Growth moving closer to Wittmann

The West Valley, which has had cheaper land prices and some of the fastest-growing cities in the nation, is where many developers [have looked](#) to build homes in the Phoenix metro to fill demand in recent years.

The area southeast of Wittmann has significantly grown [with communities](#) such as Asante and Desert Oasis and since the extension of Happy Valley Road, which has connected the 163rd Avenue corridor to the Loop 303.

"There's just a ton of new home activity up in that specific corridor," said Patty Lafferty, principal of The Land Agency. "Price is starting to move pretty aggressively in that area. It's super active from both the for-sale and for-rent product type."

If BNSF moves forward with its plans, experts say land and home values, which has been driven by low supply and increased demand, will continue to go up.

"If BNSF railroad creates this [intermodal], if that happens, land values and house values will skyrocket. Just like what's happened with the [Loop 303] with all the employment. Land values and house prices have blown out of the water," said Nate Nathan, president of Nathan and Associates.