



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Shannon Valentine  
Chairperson

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*Agenda item # 9*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**July 17, 2019**

#### **MOTION**

**Made By: Mr. Malbon, Seconded By: Mr. Johnsen**

**Action: Motion Carried, Unanimously**

**Title: Rail Industrial Access – AAREFF Terminals, Inc.**

**WHEREAS**, funding is provided by the General Assembly for Industrial, Airport, and Rail Access projects; and

**WHEREAS**, Section 33.2-1600 of the *Code of Virginia* declares it to be in the public interest that access railroad tracks and facilities be constructed to certain industrial commercial sites where rail freight service is or may be needed by new or substantially expanded industry; and

**WHEREAS**, AAREFF Terminals, Inc. has submitted an application for Rail Industrial Access grant funds in the amount of \$140,000 toward rehabilitation of approximately 1,600 feet of track to serve a facility in the City of Norfolk; and

**WHEREAS**, the Department of Rail and Public Transportation (DRPT) has evaluated the project in accordance with the Board's Rail Industrial Access policy and, because the project scores 60 points, has recommended approval of the project; and

**WHEREAS**, the City of Norfolk, Virginia has, by resolution dated March 26, 2019, shown support for the application of up to \$140,000 in Industrial Access Railroad Track funds for assistance in expanding track facilities to serve the proposed AAREFF Terminals, Inc. facility located in the City of Norfolk; and

**WHEREAS**, Norfolk and Portsmouth Belt Line Railroad, by letter dated February 11, 2019 has indicated its support for the project and has agreed to serve the facility; and

**WHEREAS**, the funding request falls within the intent of Section 33.2-1600, and because the project is in accordance with the provisions of the Board’s policy on the use of Industrial Access Railroad Track funds, funding may be allocated to this project; and

**WHEREAS**, the Board believes that this project is for the common good of a region of the Commonwealth and serves a public purpose;

**NOW THEREFORE, BE IT RESOLVED**, that the Board hereby approves that \$140,000 of the Industrial, Airport, and Rail Access Fund be provided to construct approximately 1,645 linear feet of track subject to the following requirements:

1. All necessary right of way and utility adjustments must be provided at no cost to the Commonwealth.
2. All costs above the \$140,000 industrial rail access grant must be borne by AAREFF Terminals, Inc. or sources other than those administered by DRPT.
3. Execution of an agreement acceptable to the Director of DRPT.
4. Execution of a contractual commitment by AAREFF Terminals, Inc. to maintain the track and make repayment of any costs related to the future relocation or removal of such track and facilities, in form acceptable to the Director of DRPT.

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## **CTB Decision Brief**

### **Rail Industrial Access Applicant**

**Location: City of Norfolk, Virginia**

**AAREFF Terminals, Inc.**

**Summary:** AAREFF Terminals, Inc. is a transloading and bagging facility located in Portsmouth, Virginia. They have submitted an application for Rail Industrial Access grant funds in the amount of \$140,000 to rehabilitate an existing rail spur at a new facility located on Norfolk International Terminals (NIT) owned by the Virginia Port Authority.

This project is a relocation of AAREFF's bulk loading operation to Norfolk International Terminals. The rail spur is part of a \$3M capital investment to grow their export of agricultural products from rail cars to ocean containers. The rail spur combined with new unloading/loading equipment will allow the company to handle significantly more rail cars (currently 2,000 annually with anticipated growth of 1,500 new annual carloads).

The company currently has 48 employees, and intends to hire 12-15 more people as part of the expansion at NIT. Norfolk Portsmouth Belt Line Railroad will provide rail service to the site via NS tracks that lead to NIT, and provide service directly to the customer over privately owned tracks inside NIT.

#### **Facts:**

- DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 60 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- The Applicant committed to 1,500 rail carloads annually in its application.
- The minimum threshold for carloads is 201 carloads annually.
- The Applicant committed to 12 new jobs.
- The Applicant's rehabilitated 1,600 foot rail spur will remove approximately 5,100 trucks from Virginia highways per year.
- Railcar versus truckload ratio for this project is approximately 25% shipping by rail of outbound bulk.
- Total Capital Investment in the expanded facility is estimated at \$3M million.
- Total railroad track construction cost is estimated at \$140,000.
- There will be a claw-back provision in the grant agreement for failure to meet performance requirements based on the CTB adopted program performance policies.

**Source of State Funds:** FY 2019 Industrial, Airport, and Rail Access Fund

**Recommendation:** In accordance with the CTB Rail Industrial Access policy, DRPT recommends the Board approve the project.

**Action Required by CTB:** CTB policy for Rail Industrial Access requires Board action on the resolution.

**Options:** Approve, Deny, or Defer