



Virginia Department of Rail and Public Transportation

Rail Industrial Access Update

CTB Rail Subcommittee

April 18, 2018

Agenda

- Follow up on March CTB-R Questions
 - Pages 3-6
- Discuss Policy Proposals with 2 Scenarios
 - Pages 7-12
- Discuss Other Policy Proposals
 - Pages 13-15



Objectives



Why reevaluate existing CTB Policy?

- Update RIA CTB Policy Resolution from 1995
- Section 33.2-1600: "...The Board shall adopt procedures to encourage widespread use of the funds..."
- Feedback from Shortlines:
 - Small projects cannot utilize the fund
 - Capital Expenditure is a barrier
 - Additional projects could qualify with policy changes

Program Performance Since 2003



15 Year Program Information (Since 2003)

- 73 applications
- 59 projects in the 15-year ownership interest period
 - \$8.8M current value of ownership interest
- 3 projects (4%) have gone out of business, sold, or moved out of Virginia requiring payback of \$1.7M
- 8 projects (11%) required partial payback for not meeting performance - \$878,782
- 3 projects are not yet in their interest period
- 2015 CTB revised the Performance Policy

2013-2017 Economic Benefit of Truck Diversion



What are the total benefits of the RIA Program?

- Performance measures carloads (truck diversion)
- \$14M in Rail Industrial Access Funds expended
- \$57M in Public Benefits measured over 5 years
 - \$6.2M in Pavement Savings
 - \$9.4M in Congestion Savings
 - 26.4M in Emissions Savings
 - \$15.4M in Crash Reduction Savings

Source: State Rail Plan; Average distance of a truck trip in Virginia: 171 miles

Feedback from Shortlines: Potential Spurs



How many existing spurs would qualify for grant funds with no capital expenditure requirement?

- Current Policy – Grant amount based on 15% of capital expenditure up to \$450,000
- If the policy eliminated capital expenditure:
 - Buckingham Branch
 - 6 sites would qualify for rehab/construction
 - Norfolk & Portsmouth Belt Line
 - 4 sites would qualify for rehabilitation
 - Winchester & Western RR
 - 2 sites would qualify for rehabilitation

Rollover of Funds



Rollover of unused funding

- DRPT receives up to \$3M of a \$5.5M pot of funds shared with the VDOT Economic Access Fund
- DRPT funds not allocated each fiscal year roll over as part of the VDOT Economic Access Fund

Proposed
Policy
Changes:
Scenarios

**Discuss Proposed Policy Changes
Two Scenarios**



Proposed Policy Changes: Evaluation Process



- **Evaluation Process:** Two scenarios
- Scoring Assumptions
 - 201 carloads
 - 10 jobs
 - On a shortline
 - Unemployment Rate 1% above State Rate
- **Small Project:** **52 points**
 - No Capital Expenditure on non-rail facilities
 - \$200,000 Rail Project
- **Larger Project:** **62 points**
 - \$1M Capital Expenditure on non-rail facilities
 - \$500,000 Rail Project

Program Policy Changes:



Current Policy

- Maximum grant amount is 15% of total Capital Expenditure up to \$450,000
- Mainline switch and support facilities are not eligible expenses
- 3 year performance period with minimum carload requirement
- 15 year Commonwealth Interest Period

Proposed Policy Changes: Option A



Option A: Remove Capital Expenditure and require 30% match.

- Current Policy: grant cannot exceed 15% of capital expenditure up to \$450,000
- Maximum grant still \$450,000
- Small Project:
 - Rail Cost: \$200,000
 - Current Policy: \$30,000
 - Option A: \$140,000
- Larger Project:
 - Rail Cost: \$500,000
 - Current Policy: \$225,000
 - Option A: \$350,000
- Small Project qualifies for more funding
- Larger Project qualifies for more funding

Proposed Policy Changes: Option B



Option B: Remove capital expenditure requirement for a grant up to \$100,000.

- Spur cannot already be in service (maintenance not eligible)
- Current Policy: grant cannot exceed 15% of capital expenditure up to \$450,000
- Small Project:
 - Rail Cost: \$200,000
 - Current Policy: \$30,000
 - Option B: \$100,000
- Larger Project
 - Rail Cost: \$500,000
 - Current Policy: \$225,000
 - Option B: \$225,000
- Small Project qualifies for more funding
- Larger Project not affected

Proposed Policy Changes: Option C



Option C: Maintain capital expenditure requirement but increase percentage cap from 15% to 70%, up to \$450,000

- Current Policy: grant cannot exceed 15% of capital expenditure up to \$450,000
- Small Project:
 - Rail Cost: \$200,000
 - Current Policy: \$30,000
 - Option C: \$140,000
- Larger Project:
 - Rail Cost: \$500,000
 - Current Policy: \$225,000
 - Option C: \$450,000
- Small Project qualifies for more funding
- Larger Project qualifies for more funding

Other Policy Proposals



Discuss Other Policy Proposals

Other Policy Proposals: Eliminate Pay-Back Requirement



Eliminate pay-back as long as tracks remain active/used as intended

- Current Policy:
 - 3 year reporting period of minimum carload threshold
 - 15-year Commonwealth Interest Period in the rail
- Option A:
 - Retain 15 year ownership interest
 - Collect carload data for 5 years as information only
- Option B: Retain current performance policy.

Other Policy Proposals: Allow Mainline Switches

Allow mainline switches

- Current Policy does not allow mainline switches
- Option A: Allow all mainline switch expenses as eligible project costs
- Option B: Allow a cap of \$150,000 for a mainline switch



Next Steps

- Discuss Policy Proposal at May CTB-R
- Recommend Policy changes for June CTB





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QUESTIONS?