



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Shannon Valentine
Chairperson

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Agenda item # 2

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2018

MOTION

Made By: Mr. Kasprowicz, Seconded By: Mr. Brown
Action: Motion Carried, Unanimously

Title: Rail Industrial Access – Buckingham Branch Railroad

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, Buckingham Branch Railroad has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 toward construction of 2,130 feet of track to serve a facility in the County of Hanover; 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 65 points, has recommended approval of the project; and

WHEREAS, the County of Hanover, Virginia has, by resolution dated January 10, 2018, shown support for the application of up to \$450,000 in Industrial Access Railroad Track funds for assistance in expanding track facilities to serve the proposed Buckingham Branch facility located in the County of Hanover; and

WHEREAS, Buckingham Branch Railroad, as the owner of the transload facility and the applicant for the rail industrial access grant, 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 \$450,000 of the Industrial, Airport, and Rail Access Fund with a \$150,000 requirement for local match be provided to construct approximately 2,130 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 \$450,000 industrial rail access grant must be borne by Buckingham Branch Railroad 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 Buckingham Branch Railroad to perpetually maintain the track and make payment 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: County of Hanover, Virginia

Buckingham Branch Railroad

Summary: Buckingham Branch Railroad has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 to expand rail operations at their Doswell transload facility in Hanover County, Virginia. The project will support a \$12.4M expansion of the Nestle-Purina Petcare Company's factory in King William County, Virginia by importing raw materials by rail.

Nestle-Purina's King William plant produces conventional and clumping litter. The factory site consists of a 40-acre plant site (owned) with an adjacent 486-acre leased clay mine site. With their expansion, Nestle-Purina will more than double their current production. This additional production will need approximately 100,000 tons of additional raw materials which will be delivered via rail to the Doswell transload facility.

Facts:

- DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 65 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- Current annual carloads 956.
- The Applicant will commit to 205 rail carloads annually.
- The minimum threshold for carloads is 10 carloads annually.
- The Applicant will commit to 37 new jobs (252 currently employed) with this expansion.
- The Applicant's track expansion of 2,130 feet will remove approximately 697 trucks from Virginia highways per year.
- Railcar versus truckload ratio for this project is approximately 100% shipping by rail of inbound raw materials.
- Total Capital Investment in the expanded facility is estimated at \$12.4 million.
- Total railroad track construction cost is estimated at \$600,000.
- 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 2018 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