



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Shannon Valentine  
Chairperson

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*Agenda item # 2*

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

**February 19, 2020**

#### **MOTION**

**Made By: Dr. Smoot, Seconded By: Mr. Johnsen**

**Action: Motion Carried, Unanimously**

**Title: Rail Industrial Access –Phoenix Packaging Operations, LLC**

**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**, Phoenix Packaging Operations, LLC has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 toward construction of 1,029 feet of track to serve a facility in the County of Pulaski; 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 69 points, has recommended approval of the project; and

**WHEREAS**, the County of Pulaski, Virginia has, by resolution dated January 28, 2019, 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 Phoenix Packaging Operations, LLC facility located in the County of Pulaski; and

**WHEREAS**, Norfolk Southern Railroad, by letter dated November 5, 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 \$450,000 of the Industrial, Airport, and Rail Access Fund be provided to construct approximately 1,029 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 Phoenix Packaging Operations, LLC 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 Phoenix Packaging Operations, LLC 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: County of Pulaski, Virginia**

**Phoenix Packaging Operations, LLC**

**Summary:** Phoenix Packaging Operations, LLC is a multinational rigid packaging solutions designer and manufacturer located in Dublin, Virginia. They have submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 for extension of an existing rail spur and addition of a new rail spur at their expanding facility located in Pulaski County. This is a previous Grantee of the Rail Industrial Access program, which opened their facility in 2012 as their first US expansion.

The rail spur is part of a \$30M capital investment (a package of loans and incentives) to build a new 176,000 square foot warehouse and manufacturing facility which will almost double their existing size. The extension and new rail spur will allow the company to handle additional rail cars to support the growth associated with this expansion. The applicant has been working with the Virginia Economic Development Partnership to secure this expansion in Virginia, and is coordinating with the Virginia Port Authority on incentives to grow their rail car shipments through the Port of Virginia.

The company currently has 513 employees and intends to hire 145 additional employees.

Norfolk Southern Railroad will provide rail service to the facility.

#### **Facts:**

- DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 69 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- The Applicant committed to 296 additional rail carloads annually in its application.
- The minimum threshold for carloads is 10 carloads annually.
- The Applicant committed to 145 new jobs.
- The Applicant's 107 foot extension and new 992 foot rail spur (1,029 total feet) will remove approximately 1,006 trucks from Virginia highways per year.
- Railcar versus truckload ratio for this project is approximately 96% shipping by rail.
- Total Capital Investment in the expanded facility is estimated at \$30M.
- Total railroad track construction cost is estimated at \$1M.

- 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