



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Shannon Valentine
Chairperson

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Agenda item # 1

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2018

MOTION

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

Action: Motion Carried, Unanimously

Title: Rail Industrial Access – SeaGate Terminals, 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, SeaGate Terminals, LLC has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 toward construction of 1,400 feet of track to serve a facility in the City of Chesapeake; 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 62 points, has recommended approval of the project; and

WHEREAS, the City of Chesapeake, Virginia has, by resolution dated November 14, 2017, 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 SeaGate Terminals facility located in the City of Chesapeake; and

WHEREAS, Norfolk and Portsmouth Belt Line Railroad, by letter dated October 26, 2017 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 1,400 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 SeaGate Terminals, 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 SeaGate Terminals, LLC 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: City of Chesapeake, Virginia

SeaGate Terminals, LLC

Summary: SeaGate Terminals, LLC has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 to construct a siding and for loading and unloading of materials to serve their City of Chesapeake location. The project will support their import and export of dry bulk materials. The facility will be served by Norfolk and Portsmouth Belt Line Railroad.

The company is a terminal operation offering warehousing of dry bulk materials brought in by vessels and shipped out by vessels, trucks, or rail. The expansion of this facility will enable the Company to increase volume by 510 railcars per year and more efficiently serve Chesapeake, Virginia.

Facts:

- DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 62 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- The Applicant will commit to an additional 510 rail carloads annually.
- The minimum threshold for carloads is 101 carloads annually.
- The Applicant will commit to 10 new jobs (15 currently employed) with this expansion.
- The Applicant's track expansion of 1,400 feet will remove approximately 1,734 trucks from Virginia highways per year.
- Railcar versus truckload ratio for this project is approximately 90% shipping by rail (510 railcars divided by 57 truckloads)
- Total Capital Investment in the expanded facility is estimated at \$4 million.
- Total Track Construction is estimated at \$500,000.
- There will be a claw-back provision in the agreement for failure to meet performance requirements based on the new performance policies adopted by the CTB in April 2015.

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