



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Shannon Valentine
Chairperson

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Agenda Item NB 1

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

February 17, 2021

MOTION

Made By: Mr. Kasprowicz, **Seconded By:** Mr. Rucker

Action: Motion Carried, Unanimously

Title: Authorization for the Director of DRPT to Enter into a Comprehensive Rail Agreement Between the Virginia Department of Rail and Public Transportation and CSX Transportation, Inc.

WHEREAS, the Virginia Department of Rail and Public Transportation (“DRPT”) desires to acquire three rail corridors now owned by CSX Transportation, Inc. (“CSXT”) to improve intercity and commuter passenger rail service within the Commonwealth; and

WHEREAS, DRPT has negotiated with CSXT a comprehensive rail agreement under which DRPT would acquire the following rail corridors in exchange for five hundred twenty-five million dollars (\$525,000,000):

1. **Segment 1** – about half of a rail corridor (divided longitudinally) extending approximately 144.8 miles between milepost CFP 112.4 in Washington, D.C. and milepost CFP A 29.04 in the County of Dinwiddie, Virginia;
2. **Segment 2** – an abandoned rail corridor extending approximately 75.13 miles between milepost CFP A 29.04 in the County of Dinwiddie, Virginia and milepost CFP S 100.1 at Ridgeway, North Carolina; and

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3. **Segment 3** – a rail corridor extending approximately 164.3 miles between milepost CFP 276.0 in Clifton Forge, Virginia and milepost CFP 111.7 at Doswell, Virginia; and

WHEREAS, with respect to Segments 1 and 3, CSXT would continue freight operations within those corridors after DRPT's acquisition; and

WHEREAS, the comprehensive rail agreement would require CSXT and DRPT to collaborate, after DRPT's acquisition of Segment 1, with respect to a program of rail construction projects intended to expand rail infrastructure, increase passenger rail service, and to shift highway traffic to rail transportation; and

WHEREAS, the comprehensive rail agreement would also govern the continued operations and maintenance over Segments 1 and 3 after DRPT's acquisition; and

WHEREAS, DRPT has updated and briefed the Commonwealth Transportation Board ("CTB") during the negotiation period with respect to the major business terms of the comprehensive rail agreement, sometimes in closed session, including updates and briefings on the following dates: June 17, 2020; September 16, 2020; October 20, 2020; and February 17, 2021; and

WHEREAS, as of February 17, 2021, DRPT has briefed the CTB with respect to the final, major business terms of the comprehensive rail agreement; and

WHEREAS, pursuant to Va. Code § 33.2-284(5), DRPT is empowered to, among other things, acquire and hold title to land necessary to construct railway lines to reduce traffic congestion on highways; and

WHEREAS, pursuant to Va. Code § 33.2-209(A), the CTB has the power and duty to let all contracts to be administered by DRPT for all activities related to passenger and freight rail in excess of \$5,000,000.

NOW, THEREFORE, BE IT RESOLVED: that the CTB hereby authorizes the Director of DRPT to execute a comprehensive rail agreement between DRPT and CSXT, including ancillary agreements required to implement the comprehensive rail agreement, which comprehensive rail agreement is consistent with the final major business terms presented by DRPT to the CTB on February 17, 2021.

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CTB Decision Brief

Title: Authorization for Director of DRPT to Enter into a Comprehensive Rail Agreement between the Virginia DRPT and CSX Transportation, Inc.

Issue: Since announcement of a term sheet between CSX Transportation, Inc. (CSXT) and Virginia DRPT for the sale of three CSXT rail corridors to Virginia on December 19, 2019, Virginia DRPT and the Virginia Secretary of Transportation have negotiated a comprehensive rail agreement to acquire three discrete segments of railroad tracks and railroad ROW in Virginia for \$525,000,000:

- **Segment 1:** approximately half of the rail corridor (divided longitudinally) extending approximately 144.8 miles between milepost CFP 112.4 in Washington, D.C. and milepost CFP A 29.04 in the County of Dinwiddie, Virginia; and
- **Segment 2:** an abandoned rail corridor extending approximately 75.13 miles between milepost CFP A 29.04 in the County of Dinwiddie, Virginia and milepost CFP S 100.1 at Ridgeway, North Carolina; and
- **Segment 3:** a rail corridor extending approximately 164.3 miles between milepost CFP 276.0 in Clifton Forge, Virginia and milepost CFP 111.7 at Doswell, Virginia.

Facts: The comprehensive rail agreement memorializes terms regarding each Segment purchased, including:

- CSXT will continue freight operations in Segments 1 and 3;
- Per the comprehensive rail agreement, CSXT and DRPT will collaborate to accomplish a program of rail construction projects on Segment 1 intended to expand rail infrastructure capacity, increase passenger rail service on Segment 1, and separate freight and passenger rail to the maximum extent feasible;
- Buckingham Branch Railroad Company will continue as the primary freight operator of Segment 3, with certain rights retained by CSXT to operate limited freight traffic over the line;
- Virginia will have the right to provide for the operation of future passenger rail services over Segments 2 and 3;
- Ownership and responsibility to maintain owned track, right-of-way, and infrastructure owned by Virginia following this purchase will fall under the purview of the Virginia Passenger Rail Authority; and,
- Ancillary agreements, attached as exhibits, would also be executed in conjunction with the comprehensive rail agreement, including a Joint Operating and Maintenance Agreement for the long-term operations and maintenance of the Segments, as well as master engineering and construction agreements governing the program of rail construction projects on Segment 1.

Recommendation: DRPT recommends that the Commonwealth Transportation Board (CTB) authorize the Director of DRPT to execute a comprehensive rail agreement between DRPT and CSXT, including ancillary agreements required to implement the comprehensive rail agreement, consistent with the final major business terms presented by DRPT to the CTB on February 17, 2021.

Action Required by CTB: Approval of the attached resolution to authorize the DRPT Director to enter into the comprehensive rail agreement with CSXT for purchase of the above enumerated Segments.

Options: Approve, Deny or Defer.