



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

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Agenda item # 22

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 25, 2022

MOTION

Made By: Dr. Smoot Seconded By: Mr. Kasprowicz

Action: Motion carried, unanimously

Title: Rail Industrial Access – New Millennium Building Systems

WHEREAS, funding is provided by the General Assembly for Industrial, Airport, and Rail Access projects (RIA); 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, New Millennium Building Systems has submitted an application for RIA grant funds in the amount of \$450,000 toward construction of 1,850 feet of track to serve a facility in the City of Salem, Virginia; and

WHEREAS, the Department of Rail and Public Transportation (DRPT) has evaluated the project in accordance with the Board's RIA policy and, because the project scores 58 points, has recommended approval of the project; and

WHEREAS, the City of Salem, Virginia has, by resolution dated July 25, 2022, shown support for the application of up to \$450,000 in RIA funds for assistance in expanding track facilities to serve the New Millennium Building Systems facility located in the City of Salem; and

WHEREAS, Norfolk Southern Railway Company, by letter dated July 20, 2022, 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 RIA Fund be provided to construct approximately 1,850 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 RIA grant must be borne by New Millennium Building Systems 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 New Millennium Building Systems 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: City of Salem, Virginia
New Millennium Building Systems

Summary: New Millennium Building Systems has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 to construct a new rail spur at its City of Salem facility. New Millennium fabricates steel building components for use in low-rise non-residential buildings to include joists, girders, trusses, and steel decking. Rail is used for incoming raw material from the Midwest and Southern U.S.

DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 58 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff. For this project:

- The Applicant plans 900 new rail cars annually.
- The minimum threshold for carloads is 301 carloads annually.
- The Applicant commits to 5 new jobs.
- The Applicant's new 1,850 foot rail spur will divert approximately 3,060 trucks from Virginia highways per year.
- The total capital investment in the facility is estimated at \$1.4M.
- The total railroad track construction cost is estimated at \$1.4M.
- Applicant is responsible for minimum 30% match toward rail costs.
- 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 2023 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