

DRPT Rail Preservation Fund Program Procedure Manual



TABLE OF CONTENTS

1.	General Program Description	4
2.	Code of Virginia for Rail Preservation Program	4
	<i>§ 33.2-1602. Shortline Railway Preservation and Development Fund</i>	4
3.	Steps of a Rail Preservation Project	5
4.	Intended Project Sample Types	6
5.	Applicable Standards	6
6.	Developing a Scope, Schedule, and Budget	6
7.	Grant Application Process	7
	a. Initiation	7
	b. Project Evaluation and Selection	7
	c. Project Recommendation	8
	d. CTB Process	8
8.	Agreement Development	9
	a. Scope, Schedule, and Budget Updates	9
	b. Plan Reviews	9
	c. Issuing a Notice to Proceed	10
9.	Project Performance and Monitoring	10
	a. Quarterly Reporting	10
	b. Site Visits	10
	c. Distribution of Information within DRPT	11
10.	Invoicing Process	11
	Introduction	11
	a. Invoice arrives at DRPT	11

- b. Initial Review of Project Files by Project Manager 12
- c. Invoice under Review by Project Manager 12
- d. Invoices Requiring Additional Information 12
- e. Issuing Review of Invoice and Recommendation of Payment Memo 12
- f. Finance Process 13
- g. Closure Process by Project Manager 13
- 11. Post Construction / Grant Closeout..... 13
 - a. Project Acceptance 13
 - b. Funds Analysis 13
 - c. Tax Identification Forms 13
 - d. Contingent Interest of Ownership..... 14
- Miscellaneous 14
 - a. Audits 14
 - b. Third Party Correspondence 14
 - c. Public Information Issues..... 14
 - d. Outside Agency Correspondence 14

1. General Program Description

The Commonwealth Transportation Board (CTB) supports the use of funds for shortline railroad projects deemed to be important elements of the Statewide Transportation System. This funding shall include assistance to appropriate entities in the acquisition, lease, or improvement of railways for transportation purposes that are determined to be for the common good of the Commonwealth.

The Department of Rail and Public Transportation (DRPT) administers the Rail Preservation Program (RPP) which is subject to the approval of the CTB. In allocating funds for improvement, DRPT and the CTB shall consider the project cost in relation to the prospective use, line capacity, and the economic and public benefits.

The RPP is intended to provide railroads the ability to:

- Improve railways
- Improve equipment
- Improve related facilities specific to rail operations
- Acquire or lease railway property

Funding will be at a maximum 70% state and a minimum of 30% local match. At most, 50% of an entire Fiscal Year Program Allocation can be funded to one individual project.

2. Code of Virginia for Rail Preservation Program

§ 33.2-1602. Shortline Railway Preservation and Development Fund

A. For the purposes of this section:

"Fund" means the Shortline Railway Preservation and Development Fund.

"Railway transportation support facilities" means facilities required for the loading, transfer, or additional track capacity to facilitate the shipment of goods by rail other than as provided for in [§ 33.2-1600](#) or [33.2-1601](#).

"Shortline railway" means any Class II or Class III railroad as defined by the U.S. Surface Transportation Board.

B. The General Assembly declares it to be in the public interest that shortline railway preservation and development of railway transportation support facilities are important elements of a balanced transportation system of the Commonwealth for freight and passengers, and further declares it to be in the public interest that the retention, maintenance, and improvement of the shortline railway and development of railway transportation support facilities are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets.

C. There is hereby created in the state treasury a special nonreverting fund to be known as the Shortline Railway Preservation and Development Fund. The Fund shall be established on the books of the Comptroller and shall consist of such funds from such sources as shall be set forth in the general appropriation act and shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Rail and Public Transportation or the Director's designee.

D. To fulfill this purpose, there shall be funding set forth each year in the appropriation act and appropriated by the General Assembly in the Rail Assistance Program of the Department of Rail and Public Transportation. These funds shall be used by the Department of Rail and Public Transportation to administer a Shortline Railway Preservation and Development Program for the purposes described in subsection B. Furthermore, the Board shall include an annual allocation for such purpose in its allocation of transportation revenues.

E. The Director of the Department of Rail and Public Transportation shall administer and expend or commit, subject to the approval of the Board, the Fund for acquiring, leasing, or improving shortline railways and the development of railway transportation support facilities or assisting other appropriate entities to acquire, lease, or improve shortline railways and the development of railway transportation purposes whenever the Board has determined that such acquisition, lease, or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole. The Director of the Department of Rail and Public Transportation may consult with other agencies or their designated representatives concerning projects to be undertaken under this section.

F. Tracks and facilities constructed, and property and equipment purchased, with funds under this section shall be the property of the Commonwealth for the useful life of the project, as determined by the Director of the Department of Rail and Public Transportation, and shall be made available for use by all common carriers using the railway system to which they connect under the trackage rights agreements between the parties. Projects undertaken pursuant to this section shall be limited to those of a region of the Commonwealth or the Commonwealth as a whole. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, private industry, a local government source, or a combination of such sources. No single project shall be allocated more than 50 percent of total available funds.

2006, c. [856](#), § 33.1-221.1:1.2; 2014, c. [805](#).

3. Steps of a Rail Preservation Project

- Project Development
- Project Application

- Project Evaluation and Review
- Recommendation by Staff of Draft Six-Year Improvement Program of Projects (SYIP)
- Commonwealth Transportation Board Action and Obligation of Funds
- Agreement with Grantee Executed
- Construction / Reporting / Site Visits / Invoicing & Review
- Project Acceptance
- Reimbursement

4. Intended Project Sample Types

RPP is intended to assist the following project types:

- Constructing rail transportation which supports projects such as passing sidings, marshaling yards, and mainline extensions to serve major industry.
- Improving shortline track to Class 2 Track Safety Standards as prescribed in the Track Safety Standards publication as part of the Federal Railroad Administration's Title 49 Part 213 regulations.
- Improving bridges to Class 2 Track Safety Standards and a minimum load limit of 286,000 pounds.
- Safety Improvements such as railroad crossing signalization and crossing surface upgrades.
- Property acquisitions and new track facilities (non-safety projects).

Ineligible projects for this Program are:

- Railroad Operating Expenses
- Track construction with rail smaller than 100 pound
- Maintenance

5. Applicable Standards

The Applicant must provide continuous maintenance in accordance with American Railway Engineering and Maintenance of Way Association (AREMA) standards.

- Rail must be new or meet AREMA Class I specifications for relay rail.
- Tie Replacements projects must utilize AREMA 7-inch Grade specifications.
- Ballast applied must meet AREMA Number 3 gradation specifications.

6. Developing a Scope, Schedule, and Budget

The Applicant will establish work scope and schedule which best addresses their needs and complies with the Program requirements. DRPT will review the scope for reasonableness and compliance during the project evaluation process (Section 5) and again during project plan submittal review (Section 6).

The initial project budget is an estimate as of the date of the application and may change by the time of completion of the Work. The Rail Preservation Fund participation may not be higher than the CTB approved funding.

The administration costs incurred for approved projects are reimbursable but limited to 5% of the project total or \$50,000 per year, whichever is less.

7. Grant Application Process

a. Initiation

The Grant Application period opens on or around December 1 each year. DRPT notifies each shortline railroad at the beginning of the application period and inquires if the Railroad is interested in applying for funds and to offer assistance necessary to ensure submission of a timely application. DRPT may also develop projects for consideration. Applications are made through the Online Grant Application system (OLGA). Examples of the application can be found on OLGA or Symphony.

Applicants must submit applications by February 1 of each year as specified by DRPT. DRPT must also formulate applications for state projects by February 1 of each year. The application must include:

- Location sketch and an outline of the proposed project
- The estimated annual number of carloads
- The estimated number of employees
- Project readiness and preliminary schedule
- Estimated project cost
- Documentation concerning common carrier status
- Certification of continuous maintenance and liability
- Guarantees of right-of-way
- Any other relevant information

Upon receipt of applications, the Rail Administrator will assign applications in OLGA to the Project Manager (PM) via Symphony (DRPT's system for staff):

- Applications will be submitted via OLGA and are then stored electronically in Symphony
- OLGA assigns a reference number to the application
- The PM sets up file folders for each application

The PM is responsible for tracking and updating the application status in Symphony.

b. Project Evaluation and Selection

The PM reviews applications by these initial criteria:

- Applicant eligibility
- Project eligibility
- Application completeness
- Project functional use
- Consistency with state, regional, and/or local transportation plans
- Documentation of verifiable and acceptable match

The PM obtains additional information from Applicant, if needed.

The PM conducts a second level review of applications by the following criteria:

- Preservation or improvement of operations
- Geographic location in relation to prior allocations
- Assistance to small business, and relevance to private and public benefits
- Potential long term viability or use and maintenance
- Local unemployment rate
- Local contribution
- Project readiness
- Validity of project scope
- Validity of project estimate

c. Project Recommendation

Based on the application review, the PM provides initial recommendations to the Rail Administrator. Together the Rail Team develops a program of projects for consideration in the SYIP for the CTB and presents the list of Projects to the Executive Team.

Once a draft SYIP is complete, it is submitted to the CTB in June of each year for consideration. The CTB considers the following criteria for project approval:

- Potential for future public uses of the property and/or the cost in relation to the prospective rail use
- Economic and public benefit
- Common good to the Commonwealth
- Freight projects must have a benefit-cost analysis of greater than one, except for safety improvement projects (*Rail Enhancement Fund only*)
- Passenger projects will be based on service needed and capacity constraints (Intercity Passenger Rail Operating and Capital Fund only)

d. CTB Process

- DRPT provides a program of projects for submission in the SYIP.
- A SYIP CTB Resolution is developed by DRPT's finance division for all DRPT programs and budget.

Once the CTB has approved the SYIP:

- The PM sends notification to the Applicants of CTB's decision for approved and denied projects.
- The Finance Division posts the approved SYIP to DRPT's website.
- When requested by the Grantee, the PM issues a Letter of No Prejudice (Note: A Letter of No Prejudice is an agreement to allow the Grantee to proceed with project scope with certain conditions attached. Because the LONP obligates the agency for funding, the LONP must be routed through the Office of the Attorney General prior to the Director's signature. An example of a LONP may be found on the Rail Division Server or DMS.)
- The PM drafts agreements for execution and routes the agreements to the Office of the Attorney General, the Rail Administrator, and the Finance Division before sending draft

Agreements with a cover letter signed by the Director to the Grantee for execution. A contract routing sheet can be found on the Rail Division Server.

8. Agreement Development

The DRPT finance staff assigns a project number to each approved application. The PM prepares a project Agreement and sends two sets of the Agreement to the Grantee for review, approval, and signature. The Grantee will sign and return both copies of the Agreement. The PM sends the signed copy and a copy of the original document to the OAG for a comparison review. After the comparison review, the PM forwards both copies of the Agreement to the DRPT Director for signature. The PM retains one executed copy of the Agreement for the master project file and returns the other to the Grantee. The PM must scan the Agreement and store it in the Documents Management System (DMS). Examples of Single Year and Multi-Year Agreements can be found on the Rail Division server or DMS.

a. Scope, Schedule, and Budget Updates

Following execution of an Agreement, the Grantee must submit a request for a Notice to Proceed; the request should include

- Updated Scope (bid documents if applicable)
- Updated Budget (verified by a bid summary if applicable)
- Plans and Specifications
- Project Schedule
- Copy of letter to Locality in which the work is to be complete notifying them of the work and that a grant was received by the State RPP to complete the work

b. Plan Reviews

If the project calls for engineering plans, the Grantee shall submit plans to the Department with the request for the Notice to Proceed. Upon receipt of the plans and specification submittal from Grantee, the PM may request in-house engineering review or consultant review if the project is of significant complexity. DRPT can exercise its option to review the plans within 30 days. During the plan review efforts, the PM should review any changes to scope or limits of work different than that described in the Agreement.

DRPT will review the plans for completeness and accuracy in areas such as:

- Plan Title Sheet and Keyplan
- Sheet List and Legend
- Right-of-Way Lines
- Utility Identification
- General Notes
- Typical Sections
- Track Diagrams
- Existing and Proposed Track Centers
- Limits of Construction
- Adjacent Property Owners

- Title Block Information
- Adjacent Structures and Railroad Infrastructure
- Potential or Confirmed Wetlands
- Mileposts and Valuation Stations
- Valuation Map References
- Other Applicable Areas

If there are items from the plan review requiring additional information, the PM shall request the information from the Grantee in writing.

c. Issuing a Notice to Proceed

Upon successful review of the updated scope, schedule, budget and plans (if applicable) the PM shall issue a Notice to Proceed which is signed by the Rail Chief. Bid documents may be submitted as the updated scope for the request for a Notice to Proceed. An example of an NTP may be found on the Rail Division Server or DMS.

9. Project Performance and Monitoring

a. Quarterly Reporting

Grantees are on a Quarterly Reporting schedule. These quarterly reports should contain the following information: project name and Agreement/Project number; total funds allocated; amount spent this period; total funds spent; project fund balance; percent spent to date; estimated project completion date; answer the questions is project on schedule or is project not on schedule; include a narrative summary on the project; and who the report is being submitted by with a date. Random QA/QC reviews of the projects are within the responsibilities of the PM. It is important for the PM to keep accurate and up-to-date files and other document control proceedings in order for DRPT to have an accurate project history.

b. Site Visits

Projects in the Rail Preservation Program require one or multiple site visits which are prompted by the submission of the Grantee's invoice. The conditions set forth in the agreements, as well as the contingent interest that the State holds in RPP funded projects allows for on-site visitation and follow-up as needed.

With each invoice submitted by the Grantee, a representative from DRPT will complete a site visit and prepare a site visit report. This report will be included with the invoice processing procedure, as addressed in Section 8.

In general, depending on the particular program or fund, a site visit may occur as needed. Typical site visits would be part of the invoice verification process verifying expenditures and successful completion of the work in the invoice. Other visits may be made for various events such as:

- Pre-construction
- Materials on hand
- Payment request
- Post-construction
- Close-out, or
- Any other concern or consideration that might arise

After receipt of the final invoice for a project and the final site visit has been completed, recommendation for payment and project close-out would happen at the same time.

c. Distribution of Information within DRPT

For documentation and distribution of information within DRPT, it is important to document information and provide that documentation to the project file. Official correspondences, Agreements, Amendments, Notices to Proceed, Letters of No Prejudice, etc., shall be in the project file and added to DMS. Documents in DMS are searchable by the Agreement number.

Following is a general understanding of the requirements for dissemination of project information:

- Correspondence with the Grantees and others concerning DRPT projects, should be documented. Telephone conversations should be followed up with an e-mail if there is an action item pending. Written correspondences on Action Items should be included in the Project File.
- The project file should have a history of communication and documentation involving DRPT and the Grantee pertaining to the project and any issues that may be addressed during its life.
- The document control process should be kept current by the PM.

10. Invoicing Process

Introduction

The following invoicing procedure provides a minimum requirement guideline for reviewing and processing invoices. The PM is responsible for ensuring that the invoice is reviewed and processed within 30 days of receipt.

DRPT's Finance staff will review the invoice within the first five (5) days for completeness. If there is additional information required from the Grantee, Finance makes a note for the PM who will request information from the Grantee in writing.

a. Invoice arrives at DRPT

1. The Division of Finance and Administration receives, date stamps, and logs each invoice into the financial system and reviews for completeness before it is forwarded to the PM.

b. Initial Review of Project Files by Project Manager

1. The PM is encouraged to make working notes on the invoice during review.
2. Confirm a signed Agreement is in place.
3. Confirm the invoice submitted does not exceed the budget amount shown in signed Agreement.
4. Confirm an NTP was issued and that completed work is after the date of the NTP.
5. Within five (5) days of receipt of invoice by the PM, if missing items are discovered, the PM shall inform the Grantee in writing, outlining the required backup needed and a timeframe for receiving the information.

c. Invoice under Review by Project Manager

1. When an invoice is received, a site visit needs to be coordinated with the Grantee. The PM shall perform an on-site review of the work areas charged to the invoice with the Grantee.
2. Complete the invoice review check list. This checklist can be found on the Rail Division server. The contents of the invoice must be reviewed item by item for mistakes, missing data, missing backup or other issues (e.g., location of mileposts match Agreement scope; date of NTP matches date of work complete; material delivered to a different site than the project location; more hours charged for a particular employee than there are in a 24-hour day; hourly rates match positions; math calculations not calculated properly, etc.).
3. Verify that the schedule is being met. If project is behind schedule, review acceptable justification.
4. Verify cost to date is within allowable variance. If cost overrun, review acceptable justification.
5. Verify no additional scope items have been added.
6. Monitor the invoices paid to date for duplicate charges using the Intranet Power Search feature or DMS for paid invoices.

d. Invoices Requiring Additional Information

1. For missing information, the PM shall request the information in writing from the Grantee.
2. If the item is of a minor nature (i.e. missing backup, incorrect time period noted, incorrect project number, incorrect project description, etc.) allow the Grantee up to five (5) days to submit that information.
3. If items are more significant (i.e. summary page is incorrect; incorrect statement of work, incorrect charged amounts, incorrect schedule, etc.), then the PM will monitor the potential delay and suspend (put on hold) the invoice before the due date.

e. Issuing Review of Invoice and Recommendation of Payment Memo

1. After a complete and thorough review and the invoice is ready for approval, the PM will complete the invoice review checklist, upload pictures from the site visit, and prepare the memorandum for release of payment (the memo for release of payment is a part of the invoice review checklist and can be found on the Rail Division server).
2. The PM attaches the memorandum for release of payment, invoice review checklist, site pictures, and any other necessary site visit documentation necessary, to the original invoice.
3. A Documentation of Contingent Interest Report is a part of the Site Visit Report and should be completed for each invoice.

4. If the invoice is submitted using OLGA, the PM goes online in SYMPHONY and approves uploads all DRPT documents and approves the invoice electronically. If the invoice is submitted as a paper copy by the Grantee, the PM signs the invoice and returns it to the Finance team for processing and payment.

f. Finance Process

Agreements contain the requirement that the Grantee must submit invoices using the OLGA system. This allows the Grantee to essentially fill in the blanks and have the correct formulas applied to the expenditures. The Grantee invoice includes a cover sheet, a summary sheet detailing payments and backup documentation.

The Division of Finance and Administration is responsible for verifying the correct project information with the ICAPS system coding. As outlined within this procedure, the PM reviews the invoice for appropriate project charges and factual conditions.

The Division of Finance and Administration finalizes the invoicing process by:

- Processing payment and completing the 30-day prompt payment schedule
- Scanning the paid invoice into DMS and updating ICAPS to reflect payment

g. Closure Process by Project Manager

1. Upon final payment of a project, the PM shall check the box on the invoice signifying to the Finance team that the project can be closed. If more than \$1,500 remains, the PM will include written verification from the Grantee that the project may be closed (an email is acceptable).

11. Post Construction / Grant Closeout

a. Project Acceptance

The Grantee must complete the project according to the date established in the Agreement (Section 6), unless a project extension has been approved by the PM via the established Department extension procedures. Upon the project end date, the Grantee has 90 days to submit the final invoice to DRPT. DRPT performs a final site review and processes final payment as addressed in Section 8. The Grantee is required to maintain and make available all documentation regarding project cost for a period of three years from the date of final payment from DRPT.

b. Funds Analysis

Upon acceptance and payment of the final project invoice, any unused funds will be de-obligated.

c. Tax Identification Forms

The RPP does not require Grantees to submit W-9 tax forms.

d. Contingent Interest of Ownership

1. Acknowledgement: For each project using State Funds, DRPT retains its Right of Ownership Interest in the materials of the project for 15 years.
2. Agreement Terms: The Agreement shall specify DRPT's 15 year Contingent Interest in grant funded improvements.
3. Retirement of Commonwealth's Contingent Interest Schedule: As part of developing the contingent interest dollar value portion of the project, PM shall maintain spreadsheets tracking the contingent interest value in rail improvements funded with Rail Preservation Funds. The PM is responsible for completing the Contingent Interest Schedule.

Miscellaneous

a. Audits

Project audits are conducted both passively (i.e. during routine project management, review of invoices, project site visits, review of Grantee correspondence) and actively (i.e. scheduled audit for in-depth reviews). Additionally, DRPT is subject to a state oversight audit performed by the Department of Accounts (DOA). It is important for program/project records to be complete and accurate and filed properly in order for the audits to be successful.

The Grantee is required to maintain and make available all documentation regarding project cost for a period of three years from the date of final payment from DRPT.

b. Third Party Correspondence

Third party correspondence is considered any letter or contact by the public at large, whether an adjacent property owner, a passer-by or a private business. The PM will be responsible for the research and development of these letters.

c. Public Information Issues

Public Information including news releases, press contact, etc. is the responsibility of the DRPT's Public Information Officer. All matters relating to public information should be referred to the Public Information Officer.

d. Outside Agency Correspondence

An outside agency is considered any federal, state, or local government agency. Outside Agency Correspondence (Railroad, VDOT, etc.) must be reviewed and approved by DRPT Deputy Director. Correspondence should be sent on DRPT stationary.

DRPT will be involved with various agencies throughout the life of a project. The PM shall be the internal point of contact for assisting the DRPT Rail Administrator in developing correspondence to any agency regarding DRPT projects. However, for policy decisions above the project level, the Rail Administrator will become the internal point of contact for matters of this nature.

