

# Rail Industrial Access Fund Highlights

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## Section 33.2-1600- Fund for Industrial Access Railroad Tracks

In 1987, the Virginia General Assembly created the Rail Industrial Access Fund, and declared 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. The program achieves a public benefit by diverting truck traffic to the rail and supporting economic development efforts in localities where industries require access to the railroad network.

## Program Details

- Rail Industrial Access (RIA) fund shares a \$5.5 Million annual appropriation with VDOT's Economic Development Access fund. Grants are awarded on a first-come first-served basis
- Rail applicants may apply for up to \$450,000 in any one locality each fiscal year
- Grant is based on a 70% / 30% split with the Commonwealth providing 70% of funding and the applicant providing 30%
- Application requires a local resolution of support
- Application requires conceptual design approval and letter of support from the serving railroad
- New or "start-up" businesses must include a copy of their Business Plan with the application
- Public benefit: applicants must agree to performance metrics based on annual rail carloads
- Agreements have a "claw-back" provision if performance is not met
- If performance is not met, repayment of the grant is based on the percentage of the highest annual carloads actually achieved divided by the minimum number of carloads necessary for application approval
- Grantees must follow the Department's RIA procurement guidelines as a minimum standard
- Commonwealth has an ownership interest in the materials for a 15-year useful life period

## Application (100 Point System)

- The application awards points based on the following categories:
  - Number of new carloads
  - Number of new full-time jobs
  - Percentage of the applicant investment in the overall project
  - Local vs. State unemployment rates
  - Percentage of the applicant investment in the rail portion of the project
  - Support letter by the Virginia Economic Development Partnership
  - Project is located on a shortline
- Applications receiving at least 50 points (of 100) are generally recommended by staff to the CTB for consideration
- Unscored Application requirement:
  - Ratio of Railcar vs. Truckload (percentage of railcars versus truckloads the business plans to ship per year)
  - Number of railcars and truckloads used to arrive at ratio of railcar vs. truckload percentage

## Eligible Applicants

- New or (substantially) expanding businesses in Virginia
- Railroads
- Local government entities, including Industrial Development Authorities, on behalf of an industry

## **Non-Eligible Expenses**

- Utility Relocation
- Right-of-Way Acquisition
- Operations and Maintenance
- Storage Tracks
- Purchasing Rail less than 115 pounds/yard (detailed explanation and approval is required prior to rail purchase of less than 115 pounds/yard)
- Expenses incurred prior to CTB allocation and a Notice to Proceed from DRPT

## **Approval by Commonwealth Transportation Board (CTB)**

- Staff will only score a complete application (including attachments)
- A minimum of 60 days required for consideration of a completed application
- If applications scores 50 points:
  - Application presented to CTB at the next scheduled meeting
  - Application is considered for decision at a subsequent CTB meeting

## **Performance and Ownership Interest**

- Performance (based on minimum number of carloads) begins July 1 after payment of the Grantee's invoice
- Annual carloads reported to the Department must meet or exceed a threshold within three years
- Option to request one three-year extension to achieve unmet performance
- Fifteen year ownership interest by the Commonwealth in the constructed tracks

*There is no guarantee of funding until the Commonwealth Transportation Board has allocated funds and an Agreement has been signed by both the Department and Grantee.*