CSX TRANSPORTATION

Submission for the Virginia Rail Enhancement Fund – FY09

National Gateway Project

February 1, 2008

DRPT
Virginia Department of Rail and Public Transportation
The Smartest Distance Between Two Points

VIRGINIA RAIL ENHANCEMENT FUND

APPLICATION

NATIONAL GATEWAY PROJECT

CSX Transportation

February 1, 2008

CSX Transportation

February 1, 2008

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Internal Use
DRPT Tracking #

Virginia Department of Rail and Public Transportation
The Smartest Distance Between Two Points

Rail Enhancement Fund
Project Application Form

Date: February 1, 2008

A. Name of Applicant (Name and Address)

CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

Applicant type:

__ Passenger Railroad
_X_ Freight Railroad
__ Locality
__ Business
__ Other _____

B. Contact Information:

Responsible Person/Title: Jay Westbrook, AVP Public-Private Partnerships, Mail Stop J-315

Telephone: 904-359-3568 Fax: 904-359-1373 Email: Jay_Westbrook@csx.com

Project Manager/Title: Gary Kujala, Director Transportation Projects, Mail Stop J-340

Telephone: 904-359-1215 Fax: 904-366-4005 Email: Gary_Kujala@csx.com

C. Project Title: National Gateway

D. Project Location: (City/County, Rail line, Railroad Mile Post, attach map)

Kilby Support Yard, Portsmouth Subdivision – SA 20-24, Suffolk, VA

Clearance Obstructions in Virginia
Bridge on RF&P Subdivision – CFP 89.24, Railroad Avenue, Woodbridge, VA
Bridge on RF&P Subdivision – CFP 69.09, Courthouse Road, Stafford, VA
Bridge on Richmond Terminal Sub – ARN 0.90, Blue Shingles Road, Richmond, VA
Bridge on North End Subdivision – A 4.21, Platinum Road, Richmond, VA
Bridge on North End Subdivision – A 43.15, Stony Creek Bridge, Stony Creek, VA

E. Owner of Property/Right-of-Way/Facility/Personal Property: CSX Transportation, Inc. with possible additions from private entities.

F. Responsible Party for Continuous Maintenance of Project: CSX Transportation, Inc.

G. Project Information:

1) Description of Project:

The National Gateway is a project that emerges from the continued growth in import, export, and domestic traffic. This initiative will provide an efficient double-stack rail route that links Mid-Atlantic ports to major markets in the Midwest via Washington, DC and the Virginia Avenue tunnel. Double-stack clearances will allow intermodal trains to handle more freight, provide relief to overcrowded highways, and make more efficient use of scarce train slots on Virginia's busiest passenger train route.

The Rail Enhancement Fund application consists of two components that are vital elements of the National Gateway. These two components will integrate Virginia into the National Gateway program to provide Portsmouth with an enhanced double-stack rail connection to other major points on the CSX network.

This project involves removal of two existing highway bridges and the modification of a third highway bridge. In addition, it includes a first year request for funding to support 30% engineering, environmental due diligence, and preparation of permit documentation for construction of two highway bridges as well as the siding and support yard at Kilby.

Kilby Support Yard (located at Suffolk, VA)
The Kilby Support Yard will provide a location on the Portsmouth Subdivision to combine blocks of traffic from four marine terminals: APM terminal, Portsmouth Marine Terminal, Norfolk International Terminals, and the future Craney Island Terminal. The yard will also effectively increase capacity on the Portsmouth Subdivision by providing the infrastructure necessary to meet and pass trains. This capacity expansion will be increasingly important as traffic continues to grow on the subdivision.

The project is located on the Portsmouth Subdivision at mileposts SA 20-24, approximately 55 miles east of CSXT's I-95 connection at Weldon and approximately 20 miles west of the Portsmouth Marine Terminal. The proposal is to extend the existing siding at Kilby to achieve a new 10,000 foot passing siding as well to create two new support tracks of 6,000 feet each (See attached schematic). This project will be linked to the existing island of TCS at Suffolk (Suffolk Connection Track) extending that signal system through Kilby. By adding a siding and support tracks, CSXT will have the ability to combine blocks of intermodal container traffic delivered by the Commonwealth Railway from the APM terminal with trains originating and terminating at the existing CSX intermodal terminal adjacent to Portsmouth Marine Terminal. In addition, the new support yard infrastructure will enable future integration of train blocks from Norfolk International Terminals and the future Craney Island Terminal. Currently, CSXT does not have adequate local infrastructure to consolidate blocks of traffic at the levels anticipated in the future. The Kilby siding will have an additional benefit of providing CSXT with the ability to

chamber entire trains, significantly improving the ability to perform train meets and passes. The ability to meet and pass trains is a critical element in improving the fluidity of the rail route.

Clearance Obstructions in Virginia

Currently, CSXT does not have sufficient vertical clearances on its rail routes between the Virginia Ports and the Midwest to accommodate double-stack intermodal container service. To provide double-stack capabilities, vertical clearance obstructions must be addressed to achieve a minimum of 21' 0" between the top of the rail and the bottom of the obstruction. There are currently five obstructions on the CSXT mainline between Weldon and Washington, DC in the Commonwealth of Virginia that do not meet the minimum clearance standards. The proposal is to address each of the obstructions in the following manner:

- Replace the existing private roadway bridge at CFP 8.24, Railroad Avenue, Woodbridge, VA. The project will include removing the existing bridge, constructing a new substructure and superstructure, and re-profiling the bridge approach roadways and impacted intersections.

- Replace the existing roadway bridge at CFP 69.09, Courthouse Road, Stafford, VA. The project will include removing the existing bridge, constructing a new substructure and superstructure, and re-profiling the bridge approach roadways and impacted intersections. VADOT is scheduled to replace the existing bridge by the year 2012.

- Remove the existing roadway bridge at ARN 0.90, Blue Shingles Road, Richmond, VA. This bridge is currently out of service and closed to traffic. The project will include removing the existing bridge superstructure and piers.

- Remove existing roadway bridge at A 4.21, Platinum Road, Richmond, VA. This bridge is currently out of service and closed to traffic. The project will include removing the existing bridge superstructure and piers.

- Modify the existing railroad bridge at A 43.15, Stony Creek Bridge, Stony Creek, VA. The project will include replacing the diagonal braces that currently encroach upon the 21 foot vertical clearance requirement.

2) Project Objective:

The National Gateway will provide an efficient rail route linking the Port of Virginia with Midwestern markets via Washington, DC, improving the flow of international and domestic traffic between these regions. This initiative will expand capacity and provide clearance allowing double-stack intermodal trains to handle increased freight providing relief to overcrowded highways and rail corridors.

3) Relationship to Other Projects under Development by Applicant or Previously Funded by this Program:

The National Gateway will extend the utility of three projects previously funded by the Rail Enhancement Fund. The Suffolk Connection for CSX to the Commonwealth Railway, the Portsmouth Subdivision Clearances, and the Median Rail Project serving the APM terminal and Craney Island. The National Gateway, in combination with these projects, creates a freight rail transportation system which will improve freight mobility around the Port and extend the rail reach of the Virginia Port into the Southeast, Northeast and Midwest with cost-effective, efficient double-stack access by two Class I railroads.

Future clearance projects in the District of Columbia, including the Virginia Avenue tunnel, are a significant piece of the overall National Gateway initiative. While not included in this request, completion of these projects is key to achieving a double-stack cleared route to the Midwest from Virginia, and we will seek support from the Virginia Rail Enhancement Fund in future submissions.

4) Describe the Public Benefit of Project. Identify significant types of benefits and beneficiaries from this project. (See Attachment A)

The National Gateway will provide substantial public benefits. A study by Cambridge Systematics found that the National Gateway would result in over $3.2 billion in public benefits nationwide. These benefits include:

- Increased employment opportunities
- Reduced highway maintenance
- Better air quality
- Improved safety
- Smoother distribution of goods

Virginia will gain from the National Gateway through improved rail reliability, diversion of heavy trucks from the roadways, reduced emissions and fuel usage, and improved highway safety. Shippers will benefit through lower transportation costs, improved service reliability, reduced transit times, and expanded access to rail services. The Port of Virginia will benefit from increased throughput and improvements in competitive position that result from improved transportation options. Passenger rail will also realize some benefits, mostly through improved service reliability from less congested rail lines between Richmond and Baltimore. Finally, since the traffic handled over the National Gateway will reach nearly every state, this project will provide national benefits through improved mobility and expanded freight capacity.

5) Attachment A – Project Data Information Form – Must be completed by Applicant and submitted with this application.

H. Type of Project:

1) **X** New Construction Rehabilitation Study

2) **X** Rail Infrastructure Rail Facility/Station

__Equipment/Rolling Stock **X** Signals/Communication Equipment

3) Other:

I. Application Scope of Work Covers:

__ Entire Project **X** A Phase of a Multi-Phase Project __ Completion Phase

J. Project Budget Summary:

Preliminary Service, Engineering, or Feasibility Study	
Environmental Evaluation	$475,000
Design Engineering	$757,000
Right of Way Acquisition	_____
Construction	$890,000
Construction Management	_____
Lease/Acquisition of Equipment	_____
Public Involvement (if applicable)	_____
Other _____	_____
Subtotal Project Budget	$2,122,000
Total Project Budget	$2,122,000

K. Attach detailed budget and schedule information. If the project is for final design, construction or procurement; then plans, specifications and reports to a preliminary engineering level (approximately 30%) should be provided to support the project cost and major features (if applicable). A sample budget and schedule is included in Appendix D.

L. Rail Enhancement Funds Requested in this Application: $1,485,400
Maximum 70% of Total Project Budget. Do not include any previous allocations or future phases.

M. Local Match Required by Applicant: $636,600
At least a minimum 30% of Total Project Budget

If Overmatch, Provide Percentage _____

1) Match Breakdown by Source (Including any in-kind match)

a. Provider of Local Match CSX Transportation, Inc.

b. Status (confirmed/anticipated) Confirmed

c. Attach justification for value of in-kind match.

2) Other Funding Sources Beyond Match Requirement

a. Provider of Overmatch _____

b. Status (confirmed/anticipated) _____

N. Project implementation schedule (based in months). List major milestones of the project, including environmental review and public involvement points if applicable.

See Attachment.

O. Statement of how this project promotes or does not preclude dual/multi-access use.

The National Gateway will enhance dual access at the Virginia Port by enabling improvements to the CSXT network in Virginia which will allow it to offer efficient double-stack access to Midwestern markets which are currently served from Virginia by a single Class I carrier with double-stack access.

P. List additional users of rail line, facility, and/or equipment.

Amtrak utilizes the North End and RF&P subdivisions where the bridge obstructions are located. Virginia Railway Express operates on the RF&P Subdivision where two of the bridge obstructions are located.

Q. Identify any possible environmental or other issues/concerns within the scope of this project.

The net environmental impact of this and other CSXT projects proposed for funding this year will be positive: a more efficient rail network alleviating highway congestion, reducing fuel

consumption and offsetting the need for additional highway construction. As a conscientious corporate citizen of Virginia, CSXT is vigilant in its efforts to protect the environment in and around its operations throughout the state. However, details of any environmental issues within the scope of this project will be determined through the preliminary engineering process.

Required Attachments:
Application is not complete without items 1-5 completed by the Applicant and submitted with the Application.

1. Attachment A - Project Data Information Form (Provided)

2. Attachment B - Application Checklist (Provided)

3. Detailed cost, budget and schedule. Include preliminary engineering to 30% report, if applicable (Sample in Appendix D)

4. Certification of Match/% of Match/Documentation of Source of Match Including Defined Match Source (To be provided by Applicant)

5. Certification of Additive Investment (To be provided by Applicant)

6. Statement from the Applicant/Owner of the facility that the SWAM participation goals will be achieved by the project.

7. Statement from the owner of the facility that acknowledges the Commonwealth will have a public interest in the facilities, materials, equipment and improvements funded or impacted by this project (To be provided by Applicant/Owner)

Application and Attachment Certification

To the best of my knowledge all information contained in this application and its attachments is true. The information provided to the Virginia Department of Rail and Public Transportation (DRPT) is subject to full disclosure except where protected by Virginia Code. Any additional documentation related to this application will be provided to DRPT upon request.

Authorized Signature and Title:

Jay S Westbrook, AVP

Date: JAN. 31, 2008

Virginia Department of Rail and Public Transportation
The Smartest Distance Between Two Points

ınd

Completed Application Submission Information

One signed original, twelve copies, and an electronic copy in pdf format of the completed application and required documentation must be mailed under applicant cover to:

Director
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
Richmond, VA 23219

Virginia Department of Rail and Public Transportation
The Smartest Distance Between Two Points

Rail Enhancement Fund
Project Application

Internal Use
_____
DRPT Tracking #

Attachment A
Project Data Information Form

Date: **2/1/2008**

Name of Applicant and Project

CSX Transportation, Inc. – The National Gateway

General Instructions: Please complete the following forms that apply to the project application.

- For Freight Service projects, complete forms A1, A2 and A5
- For Intercity/Amtrak passenger projects, complete forms A1, A3 and A5
- For Commuter/VRE passenger projects, complete forms A1, A4 and A5
- For projects that involve benefits to both freight and passenger projects, form A1 and forms A2-A4 that apply must be completed. For each completed form A2-A4, a form A5 must be completed for each category for projects resulting in multiple project benefits.

Terms:

Project Cost and Construction Period: Form A1 shall be completed with total project cost by year of expenditure with total DRPT cost identified by year of expenditure. This section must be completed for all project applications.

Demand Characteristics: This category of information relates to the additional demand for rail service (including freight and passenger) due to the project. This additional demand must be over and above baseline conditions that currently exist. The specific data to enter here defines initial demand, steady state demand, and the years until steady state demand is achieved.

Steady State Demand: This term refers to the point at which the project benefits/demand have reached a long-term, sustainable level.

Project Impact on Travel Distance: This category of information includes the distance that would be traveled by vehicle or train. All distances should be limited to miles within Virginia. The distance should relate directly to the project-impacted area.

Demand Characteristics for a 15-year Performance Period: This term refers to the project output by performance year, which will be utilized to determine the public benefits and to determine the performance requirements over the 15-year Performance Period of the Grant Agreement.

Attachment A
Form A1 – Project Cost and Construction Period

First Construction Year _____

Last Construction Year _____

Year	Total Project COST	Total DRPT COST
Year 1	$2,122,000	$1,485,400
Year 2		
Year 3		
Year 4		
Year 5		
Total	$2,122,000	$1,485,400

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A2 – Freight Service

	CATEGORY	UNITS	VALUE
Demand Characteristics	Steady state demand – diversion of freight to rail (from trucks)	Carloads/Year	130,000 intermodal units / yr with annual growth
	First year of diversion	Carloads/Year	110,000 intermodal units / yr
	Number of years until steady state	Number of Years	10

	CATEGORY	UNITS	VALUE
Project Impact on Travel Distance	Rail miles in Virginia (Existing routing before project)	Miles	250 miles
	Rail miles in Virginia (routing after project completion)	Miles	250 miles
	Number of years until steady state	Miles	10

	CATEGORY	UNITS	VALUE
Conversions	Railcars per Train	Railcars/Trains	250 intermodal units per train
	Rail tons per Railcar	Tons/Railcar	40 tons / intermodal unit
	Trucks per Railcar	Trucks/Railcar	2 intermodal units / railcar

	CATEGORY	UNITS	VALUE
Other	Change in Daily Delay for Freight Trains	Railcars/Trains	No change
	Reduction in Number of Rail At-Grade Crossings	Tons/Railcar	No change

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A5 – Demand Characteristics for 15-Year Performance Period

Performance Year	Performance Value*
1	1,000
2	1,500
3	2,000
4	3,000
5	4,000
6	35,000
7	46,000
8	52,500
9	64,000
10	70,000
14	81,500
12	82,000
13	90,500
14	108,500
15	130,000
Total	771,500

* For Freight Service Projects – car loads or containers per year
For Inter-City / Amtrak Passenger Projects – passengers per year
For Commuter / VRE Passenger Projects – passengers per year

Internal Use
_____
DRPT Tracking #

Rail Enhancement Fund
Project Application Checklist
Attachment B

Date: 2/1/2008

Name of Applicant and Project:
CSX Transportation, Inc. – The National Gateway

Checklist for Application

1. Project is consistent with goals of applicable adopted state, regional and/or local plans.

X Yes ___No

2. Project is an Additive Investment to Virginia.

X Yes ___No

3. Project provides for, or does not preclude, shared or dual access opportunity.

X Yes ___No

4. Applicant has provided documentation and certification of at least a minimum 30% match.

X Yes ___No

5. Applicant has provided an environmental review plan and/or public involvement plan, if applicable, and required budget for this activity as outlined in Appendix D.

X Yes ___No

6. Application is complete, including signature and specified number of hard copies and an electronic (pdf file) copy; and Applicant has reviewed the Standard Agreement as provided in Appendix C.

X Yes ___No

Preliminary Engineering Estimate 1/28/2008

Virginia Rail Enhancement Fund

PROJECT NO. 1	Environmental	PE Costs	Demo./Const.	Total
Kilby VA Siding and Support Tracks	$225,000	$540,000		$765,000
VA Bridge Clearances Engineering	$250,000	$217,000		$467,000
VA Bridge Clearances Construction			$890,000	$890,000
TOTAL EST. COST	$475,000	$757,000	$890,000	**$2,122,000**

SCHEDULE

Schedule for Notice to Proceed - Planning and Design

Program: Rail Enhancement Fund
Agreement:
Grantee: CSX Transportation, Inc.
Project: National Gateway
Updated Date: 1/28/2008

	Milestone	Year 1												Year 2												Year 3											
Scopes	Dates	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Notice to Proceed - Project 1	6/30/2008																																				
Preliminary Engineering								X	X	X	X	X	X	X	X	X	X	X	X																		
Environmental Assessment								X	X	X	X	X	X																								
Permits														X	X	X																					
Demolition/Construction																	X	X	X	X	X	X	X	X	X												

CERTIFICATION OF MATCH
FOR
THE NATIONAL GATEWAY PROJECT

I, Michael J. Ward, as President & Chief Executive Officer of CSX Transportation, Inc. ("CSXT"), hereby certify that CSXT will provide 30 percent of the total cost of the National Gateway Project. CSXT has the funds ready and available for its 30 percent match of the project.

This certificate is hereby provided to satisfy Item 4 of the Required Attachments section of the Virginia Department of Rail and Public Transportation Rail Enhancement Fund Project Application Form.

Signed: Michael J Ward Date: 1-30-8

Michael J. Ward
President & CEO
CSX Transportation, Inc.

Notary: Lorie Rogan

Lorie Rogan
Commission # DD534556
Expires July 29, 2010
Bonded Troy Fain - Insurance, Inc 800-385-7019

CERTIFICATION OF ADDITIVE INVESTMENT
FOR
THE NATIONAL GATEWAY PROJECT

I, Jay S. Westbrook, as Assistant Vice-President, Public/Private Partnerships for CSX Transportation, Inc. ("CSXT"), hereby certify that CSXT is pursuing the Kilby Support Yard and Virginia Clearances as part of the National Gateway initiative due to the availability of seventy percent matching funds from the Commonwealth of Virginia. The proposed project is an additive investment that is either beyond CSXT's current capital plan and/or will accelerate rail infrastructure improvements as of the date set forth below.

This certificate is hereby provided to satisfy Item 5 of the Required Attachments section of the Virginia Department of Rail and Public Transportation Rail Enhancement Fund Project Application Form.

Signed: _____ Date: 1/31/2008

Jay S. Westbrook
Assistant Vice-President
Public/Private Partnerships
CSX Transportation, Inc.

Notary: _____

NOTARY PUBLIC STATE OF FLORIDA
FLORENCE J. MILLER
MY COMMISSION # DD581228
EXPIRES: Aug. 3, 2010
(407) 398-0153 Floride Notary Service.com

ACKNOWLEDGEMENT OF PUBLIC INTEREST
FOR THE
NATIONAL GATEWAY PROJECT

I, Jay S. Westbrook, as Assistant Vice-President, Public/Private Partnerships for CSX Transportation, Inc. ("CSXT"), hereby acknowledge that the Commonwealth of Virginia will have a public interest in the NATIONAL GATEWAY PROJECT. The Commonwealth of Virginia shall have a continued residual interest in the improvement of the CSXT property provided under the project. CSXT acknowledges and agrees that any improvements provided by this project may be placed on CSXT property. If, for any reason, the public benefit of the project no longer exists, CSXT shall have the option of retaining, or, at the entire cost of the Commonwealth, of removing, or of requiring the removal of, all or any portion of any improvements made under the project and of restoring CSXT's property and facilities to their original condition (ordinary wear and tear excepted), following such removal. If CSXT elects to retain all or any portion of the improvements for continued rail service, then CSXT shall pay to the Department the amount by which the then net salvage value of such improvements exceeds the removal and restoration costs otherwise to be incurred by the Commonwealth.

This acknowledgement is hereby provided to satisfy Item 7 of the Required Attachments section of the Virginia Department of Rail and Public Transportation Rail Enhancement Fund Project Application Form.

Signed: Jay S. Westbrook
Jay S. Westbrook
Assistant Vice-President
Public/Private Partnerships
CSX Transportation, Inc.

Date: 1/31/2008

Notary: Florence J. Miller

NOTARY PUBLIC STATE OF FLORIDA
FLORENCE J. MILLER
MY COMMISSION # DD581228
EXPIRES: Aug. 3, 2010
(407) 398-0153 Florida Notary Service.com

STATEMENT FROM THE APPLICANT/OWNER OF THE FACILITY THAT THE SWAM PARTICIPATION GOALS WILL BE ACHIEVED BY THE NATIONAL GATEWAY PROJECT

To Whom It May Concern:

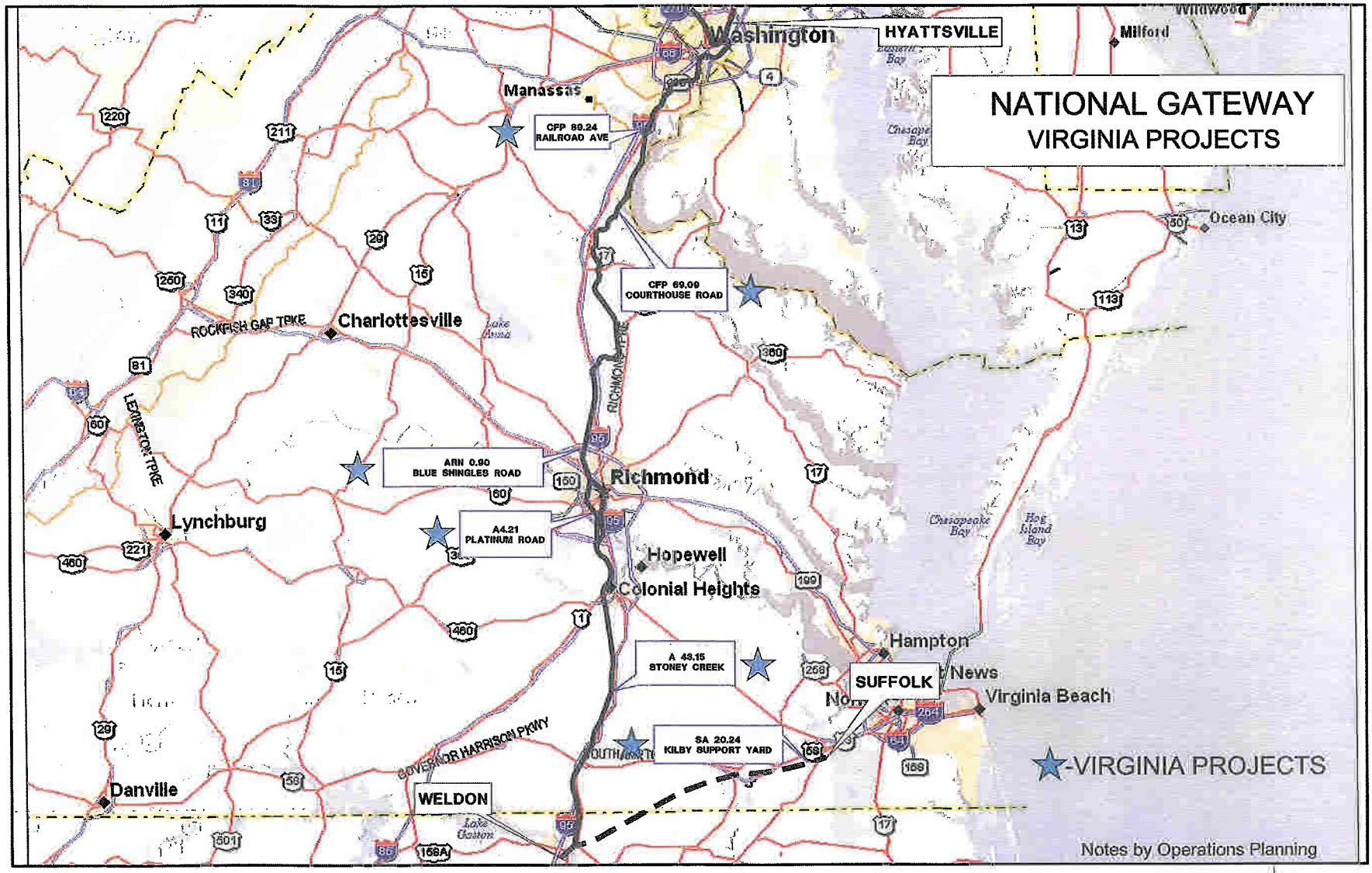
I hereby certify that the National Gateway Project will, whenever it is possible, comply with the Small, Women, and Minority (SWAM) enterprises participation goals established for the Rail Enhancement Fund Program.

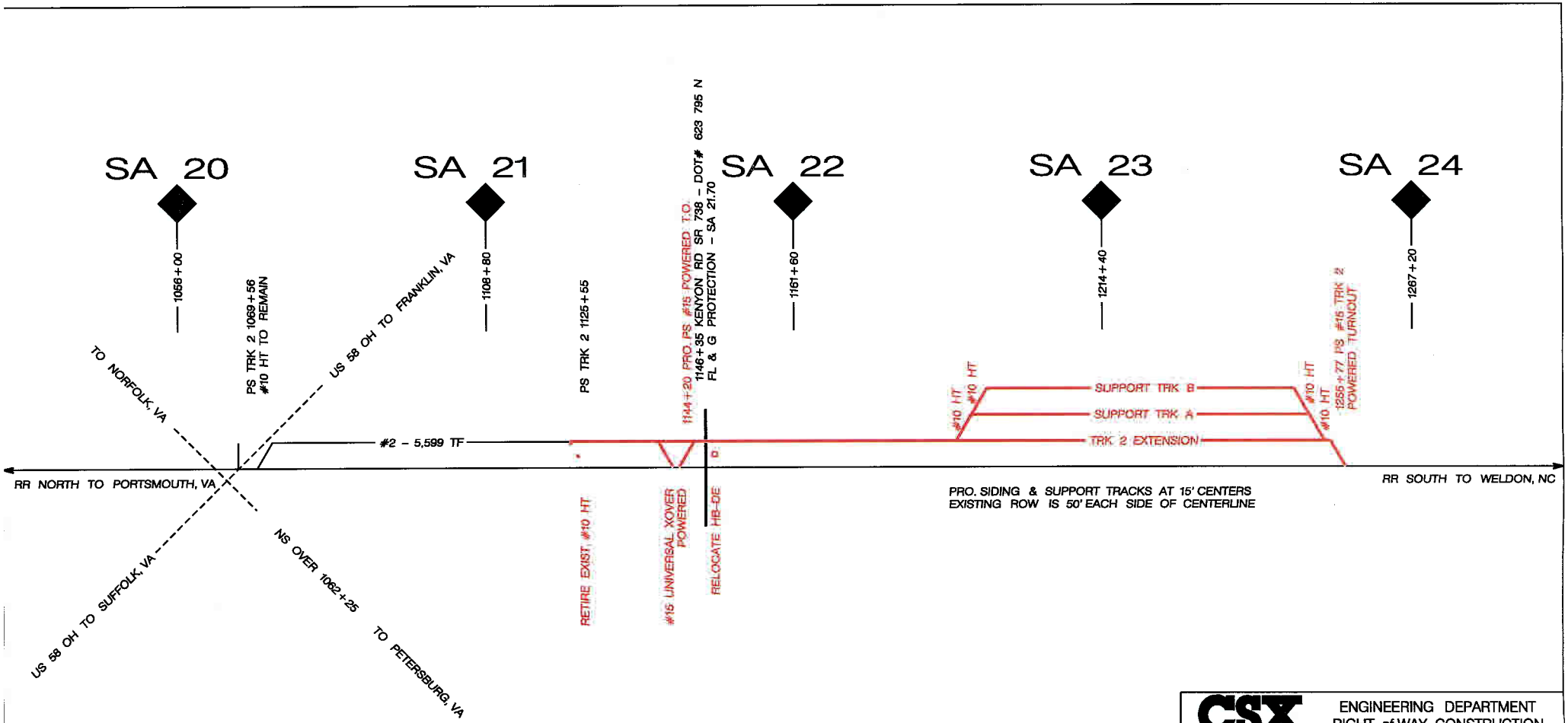
Signed: _____
Jay S. Westbrook
Assistant Vice-President
Public/Private Partnerships
CSX Transportation, Inc.

Date: 1/31/2008

Notary: _____

NOTARY PUBLIC STATE OF FLORIDA
FLORENCE J. MILLER
MY COMMISSION # DD581228
EXPIRES: Aug. 3, 2010
(407) 398-0153 Florida Notary Service.com


NATIONAL GATEWAY
VIRGINIA PROJECTS
Washington
HYATTSVILLE
Milford
Manassas
CFP 89.24
RAILROAD AVE
CFP 69.09
COURTHOUSE ROAD
Ocean City
Charlottesville
ROCKFISH GAP TPKE
LEXINGTON TPKE
RICHMOND TPKE
ARN 0.90
BLUE SHINGLES ROAD
Richmond
A4.21
PLATINUM ROAD
Lynchburg
Hopewell
Colonial Heights
A 43.15
STONEY CREEK
Hampton
News
SUFFOLK
Virginia Beach
SA 20.24
KILBY SUPPORT YARD
GOVERNOR HARRISON PKWY
Danville
WELDON
Chesapeake Bay
Hog Island Bay
Lake Gaston
-VIRGINIA PROJECTS
Notes by Operations Planning



Line Seg 947280
Val Scans V04751 & V04752
Suffolk City FIPS 51800

CSX TRANSPORTATION

ENGINEERING DEPARTMENT
RIGHT of WAY CONSTRUCTION
SOUTHERN REGION

REVISIONS

TRACK CHANGES TO LENGTHEN PASSING SIDING & PROVIDE SUPPORT TRACKS

KILBY

SUFFOLK CITY VIRGINIA

FLORENCE DIV – PORTSMOUTH SD

SCALE: NONE DATE: 1-14-08 DRAWN: RHC CHECKED:	VAL. SEC. V1–VA L–5 5 & 6	DRAWING NO. R2153 SHEET 1 OF 1

4678
4678
CSX