

Rail Grant Programs Funding & Procedures

Teal Book

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Introduction

Program Purpose

The Department of Rail and Public Transportation (DRPT) and the Commonwealth are dedicated to creating a competitive multimodal network that provides choices for transportation users; system redundancies to increase network resilience; opportunities for economic growth; and increased access for all users.

DRPT administers three rail grant programs to further this mission; the Freight Rail Enhancement to Increase Goods and Highway Throughput (FREIGHT) Program, Shortline Railway Preservation and Development Fund (RPF), and the Industrial Access Railroad Tracks (RIA) Program.

This three-pronged approach ensures that: network capacity matches demand, while reducing strain on the highway system; access points are created, providing choices to growing Virginia businesses and strengthening competition among shippers; and railroad infrastructure condition remains safe and operates efficiently throughout Virginia.

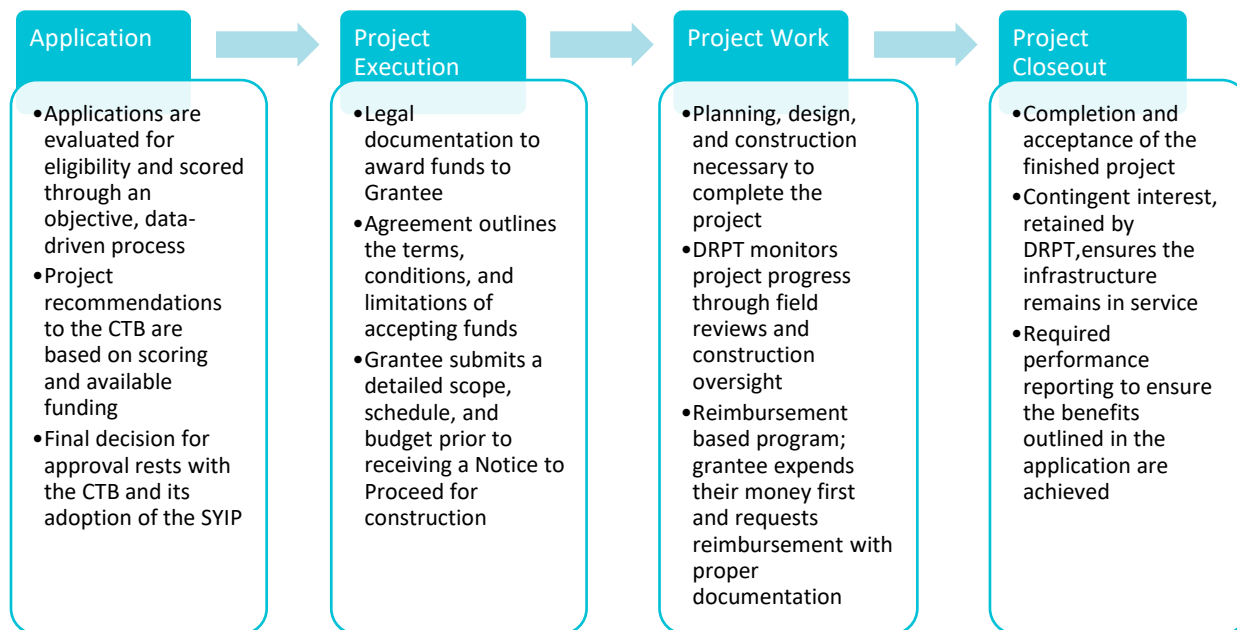
Table 1. Rail Programs At-A-Glance

	FREIGHT	RPF	RIA
Code	§ 33.2-1526.4	§ 33.2-1602	§ 33.2-1600
Source	Commonwealth Rail Fund	Biennial Budget & Commonwealth Rail Fund	VDOT Construction Fund
Approximate Annual Program Funding	\$8M	\$8M	\$5.5M
Purpose	Rail Network Capacity Improvements	Virginia Shortline Railroad State of Good Repair	Connect New or Growing Virginia Businesses to Rail Network
Maximum Funding per Project	N/A	N/A	\$750,000

State Policy

DRPT procedures have been developed to safeguard the expenditure of Commonwealth funds throughout every step of the grant administration process.

Figure 1. Safeguards throughout the Project Life Cycle



Grant Support Resources

For additional information regarding all DRPT grant programs, please visit:

<https://drpt.virginia.gov/our-grant-programs/#>

WebGrants

WebGrants is the online grants management system for all DRPT grant programs. For more information on how to get started in WebGrants, register, submit applications and more, please visit: <https://drpt.virginia.gov/our-grant-programs/webgrants/>

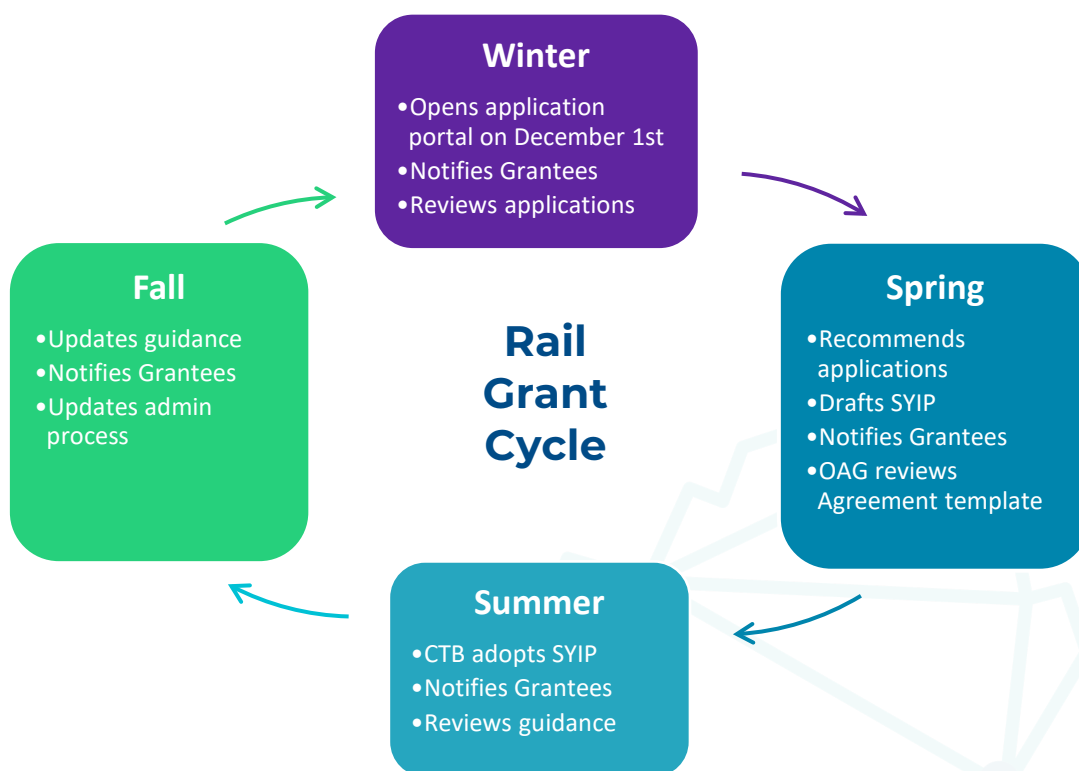
Schedule

Grant Cycle

The FREIGHT and RPF programs follow the existing DRPT annual grant cycle; aligning with established rail, transit, and transportation demand management (TDM) grant programs administered by DRPT. The application period opens December 1, remaining open and accepting applications for two months, closing on February 1.

DRPT staff communicates with Grantees at multiple points throughout the grant cycle as the application moves through the evaluation and recommendation process. In addition, DRPT staff solicits input from Grantees regarding potential process improvements to be incorporated into program procedures as necessary. This schedule allows DRPT staff to review applications, collect additional information as needed, evaluate applications, and make recommendations to the Commonwealth Transportation Board (CTB) in advance of the adoption of the Six-Year Improvement-Program (SYIP) in June of each year.

Figure 2. FREIGHT and Rail Preservation Fund Grant Cycle



The Rail Industrial Access program remains open year-round, to ensure responsiveness to the dynamic business environment in Virginia. Although the steps of the RIA grant cycle are similar as shown above in Figure 2, the process is condensed due to applications being accepted on a rolling basis.

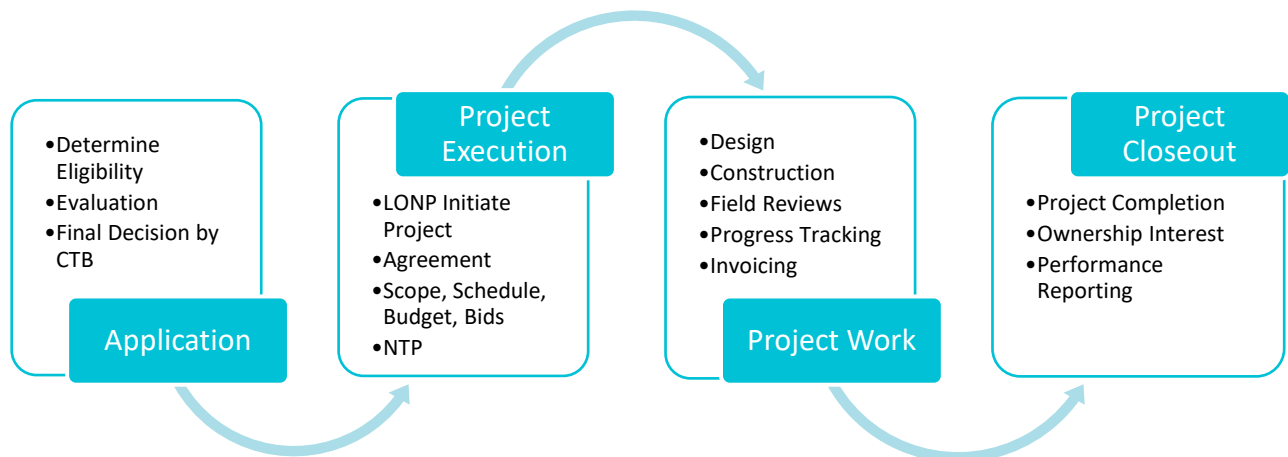
Figure 3. Rail Industrial Access Grant Process



Project Cycle

The basic lifecycle of a rail grant project is outlined in the below figure and described in further detail throughout this document.

Figure 4. Rail Project Lifecycle



Application

Each submitted application is evaluated by DRPT staff using the same three-step process:

- **Eligibility:** application is complete, meets the specific program criteria, and supports statewide transportation goals.
- **Scoring:** evaluate program specific criteria necessary for objective, data driven, application scoring.
- **Recommendation:** based on financial availability, use application score to prioritize project recommendations to the CTB.

Eligibility

- **FREIGHT:**

- Eligible recipients: Freight rail operators, Virginia Port Authority, local and regional governments, non-profit organizations, private companies, any combination thereof.
- Eligible projects: Mainline, siding, crossover, yards, terminals, storage tracks, rail facilities, and complete 30% design plans. Right-of-way acquisition, signaling, engineering and design, and environmental work are project-related costs eligible for reimbursement. Railroad equipment and rolling stock purchase are also considered eligible projects.
- Not Eligible: Railroad operating expenses, passenger rail subsidies, passenger rail capacity expansion, equipment to handle, store, process, load, or unload goods.

- **Rail Preservation:**

- Eligible recipients: Shortline railroads, local governments, authorities, and agencies, Transportation District Commissions, non-public sector entities.
- Eligible projects: Improving shortline track and rail bridges 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 rail bridges to a minimum load limit of 286,000 pounds; and safety improvements such as railroad crossing signalization and crossing surface upgrades.
 - Not Eligible: Railroad operating expenses, track construction with rail smaller than 100 pounds, maintenance. Applications without a 30% match.

- **Rail Industrial Access:**

- Eligible recipients: Business, commercial, or industrial enterprises; municipal and county governments acting on behalf of a business, commercial or industrial enterprises; local departments of economic development acting on behalf of enterprises; railroads.
- Eligible projects: Engineering, site preparation (including grading and drainage), track construction, track rehabilitation, track improvement, environmental mitigation, mainline railroad switch. Funds must be used to construct, reconstruct, or improve part or all the necessary tracks and related facilities. Facilities must be directly associated with revenue carloads.

- Not Eligible: relocation of utilities, acquisition of right-of-way, operation and maintenance, storage tracks, rail less than 115 pounds per yard (detailed explanation by applicant and approval by DRPT is required prior to rail purchase of less than 115 pounds), work begun prior to CTB allocation, an executed Agreement, and a Notice to Proceed from DRPT, unless the Grantee was issued a Letter of No Prejudice.

Recommendation / CTB Approval

Using the WebGrants system, the DRPT Project Manager scores and evaluates each application using the criteria outlined above. During review, the DRPT Project Manager will request additional information from the applicant, if needed.

Based on the application review, scoring evaluation, and funding availability, DRPT develops recommendations for the CTB. The CTB will approve and allocate funds to specific projects in the Six Year Improvement Plan (SYIP). Once CTB has made selections, DRPT:

- Sends notification to the Applicants of CTB's decision
- Notifies the public of approved projects
- Posts approved FREIGHT and RPF projects on DRPT website (via online SYIP)



FREIGHT

APPLICATION CRITERIA

Align with State Goals: must meet at least one goal of the Statewide Rail Plan.

Network Expansion: must increase carload throughput through physical capacity expansion or improved operational capacity.

Minimum 30% Design: to ensure more accurate cost estimate and safeguard from cost overruns, 30% must be completed prior to application.

SCORING

- 0-7 Points Benefit Cost Analysis
 - 0-6 Points Matching Funds
 - 0-4 Points Project Readiness
 - 0-3 Points Statewide Goals
- 20 Total



Rail Preservation

APPLICATION CRITERIA

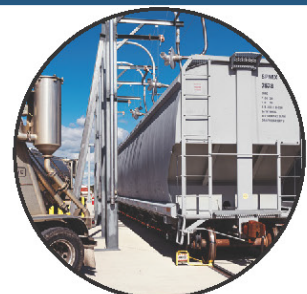
All project applications must include 30% private matching funds and support state-of-good-repair on a Class III Virginia railroad.

Project work must at a minimum:

- Meet AREMA and/or FRA Track Safety Standards.
- Include new or AREMA Class 1 relay rail.
- AREMA 7-inch grade tie replacement specifications.
- AREMA Number 3 gradation ballast specifications.

SCORING

- 0-25 Points State of Good Repair
 - 0-10 Points Maintain Operational Efficiency
 - 0-3 Points Aligns with State Priorities
 - 0-5 Points Critical Infrastructure
 - 0-3 Points Regional Economic Benefit
 - 0-3 Points Support Past Program Investments
 - 0-3 Points Support Past RIA Investments
 - 0-10 Points Cost Effectiveness
 - 0-10 Points Applicant Priority
- 72 Total



Rail Industrial Access

APPLICATION CRITERIA

- New/Growing Business
- Industrial Rail Spur
- New / Rehab Construction
- Railroad Support
- Locality Support Resolution
- Continuing Maintenance Certification

SCORING

- 0-20 Points Annual Rail Carloads
 - 0-20 Points New Jobs
 - 0-10 Points DRPT Percent of Total Investment
 - 0-10 Points Private Percent of Rail Investment
 - 0-20 Points Local Unemployment
 - 0-10 Points Economic Development Area
 - 0-10 Points Usage of Shortline Railroad
- 100 Total
- *Must score 50 or more points for project to be recommended to CTB

Grant Management

The grant management process safeguards Commonwealth funds through project execution, project work, and project closeout.

Project Execution

Contracting is a two-step process: a **Grant Agreement** obligates funding to the Grantee; after further development of a project scope, schedule and budget, the **Notice to Proceed (NTP)** authorizes project construction.

Projects are governed by a Grant Agreement developed in consultation with the Office of the Attorney General (OAG). This agreement outlines all terms and conditions of receiving funds, including common rules, procedures, and requirements for all projects and Grantees. The agreement also includes project specific details regarding the specific scope and budget for the project. The language in the Grant Agreements is generally non-negotiable.

Notice to Proceed

The execution of the Grant Agreement serves as an initial, but limited, NTP by DRPT for the work associated with any initial planning or engineering to further refine the scope, schedule, and budget. The Grantee may conduct stakeholder outreach, environmental planning and/or design and engineering in order to complete the detailed scope, schedule, and budget for construction. Once developed, the Grantee will submit an NTP request via WebGrants for DRPT review and approval, including submission of the most up-to-date scope, schedule, and budget.



Prior to issuance of an NTP for Rail Industrial Access (RIA) and Rail Preservation, bids for construction must be secured using Virginia Public Procurement Act procedures. Bids and the bid summary/award must be submitted along with the NTP request.

The Grantee is authorized to proceed with construction upon approval of the NTP.

Project Work

Project management is the responsibility of the Grantee, and all eligible grant expenses will be reimbursement based.

DRPT Oversight

DRPT maintains a project oversight role in grant projects and expects the Grantee to actively serve as Project Manager. DRPT will conduct site visits periodically throughout construction to monitor progress, ensure claims received are covered by

work completed in the field, and discuss any foreseeable risks with the Grantee's Project Manager. The Grantee is required to submit a project progress report with every claim that details the project status, indicating whether the project is on-schedule and on-budget, and identifying any potential risks to either budget or schedule.

Although any budget increases are the responsibility of the Grantee, a project schedule extension will be considered by the DRPT Project Manager on a case-by-case basis. Extension requests must be submitted in writing via the WebGrants Contract Amendment module.

Reimbursements / Claims

The Grantee will create and submit claims using the WebGrants system. The Grantee can submit claims as necessary based on project progress and expenditure rates; however, no more frequently than once every 30 days. RIA Grantees will submit only one claim at the end of construction. Claims must include total capital investment (with all costs associated with the move or expansion, plus rail costs), and the total number of jobs at the completion of construction. The Grantee is responsible for choosing the correct project to claim against, noting the correct claim amount, and must attach supporting documentation prior to claim submission. DRPT will review the claim documentation to ensure charges are appropriate for project work; timesheets for labor and receipts for direct expenses have been included; and Virginia travel guidelines have been followed according to the Commonwealth Accounting Policies and Procedures (CAPP) Manual.

The CAPP Manual can be found under the Resources tab on the Virginia Department of Accounts website: <https://www.doa.virginia.gov/>

If the claim is accurate and properly documented, DRPT will approve and pay the claim according to the Virginia 30-day prompt pay guidance.

Project Closeout

Upon project completion, the Grantee has two primary responsibilities - maintaining the infrastructure for active service, and reporting network activity (annual carloads) per the terms of the Agreement.

The Grantee must complete the project according to the approved scope, schedule, budget, and agreements. Upon project completion, the Grantee has 90 days to submit the final claim to DRPT. DRPT conducts a final site review, as necessary, and processes final payment. 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.

Performance

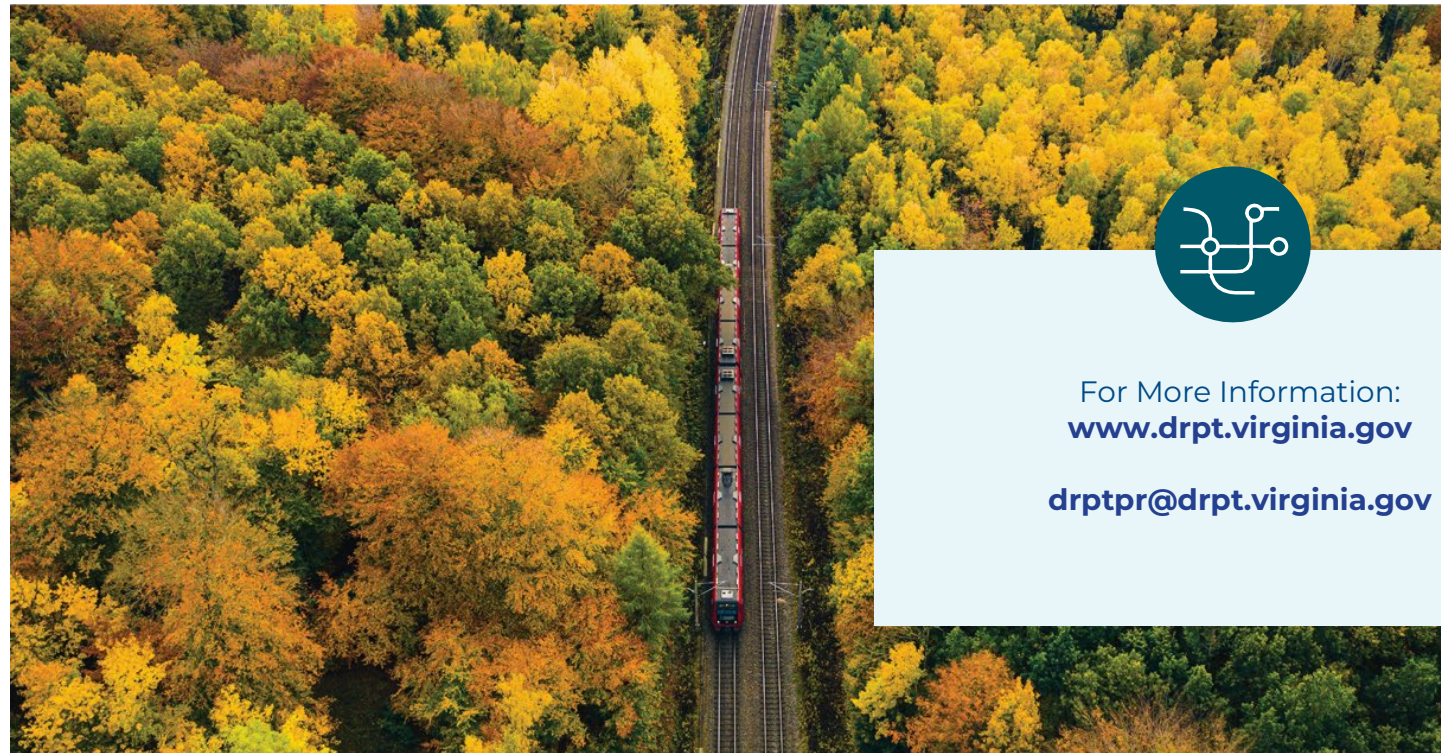
Upon completion of the project, the Grantee is required to report its annual network activity, i.e., number of rail carloads per year. This enables DRPT to better understand

the benefits of investing in the freight rail network and evaluate any future project applications from the Grantee. After project completion, project reporting is required for the following duration:

- FREIGHT: Six years or longer as determined by the BCA results
- Rail Preservation: ongoing annual basis (while Grantee has active grants with DRPT)
- Rail Industrial Access: Three years (may be extended for an additional three years if necessary to meet contractual carload commitment)

Contingent Interest

DRPT retains an ownership interest in the project improvements for a period of six years or longer as determined by the Benefit-Cost Analysis (BCA) results for FREIGHT projects and 15 years for RIA and RPF projects. This ensures the project work remains in service for the entire contingent interest period at a state of good repair. Any change, sale or transfer of the project improvements must be approved by DRPT, per the terms of the signed Grant Agreement.



For More Information:
www.drpt.virginia.gov

drptpr@drpt.virginia.gov

Appendix

Rail Industrial Access Application Evaluation & Scoring

Rail Industrial Access Application Evaluation

Applicant:
RR Service:
Locality:

Date:
Evaluated by:
Revised:


ELIGIBILITY

1. Resolution from the Local Governing Body supporting the project and requesting the Rail Industrial Access Funds
2. Location sketch showing the location of the site on an area map
3. Drawing of the proposed track project showing the clear point(s)
4. Signed maintenance and liability certification
5. **Virginia Substitute W-9** with federal ID number/EIN and DRPT Vendor sheet
6. Railroad support letter which documents that the railroad owning the main line to which the proposed access track will connect has agreed to:
 - a) serve the industry or business
 - b) approve and/or participate in the construction of the proposed access track
 - c) make the facilities available for use by all common carriers using the railway system to which the industrial access track connects
7. Narrative MUST include:
 - a) Background information about the business
 - b) Statement of need describing how the grant will support rail service as a part of the project
 - c) Why did you choose Virginia for your location / expansion?
 - d) Are you growing existing business with the rail spur or seeking new markets (or both)?
 - e) How does rail change your imports and exports?
 - f) Currently, where are your products / materials coming from / going to?
 - g) How will rail access change this? Where will products / materials come from / go to?
 - h) What do you ship today (truck & rail)? How will rail access change this in the future?
 - i) Coordination efforts with economic development (local, regional, or state) -- A letter from the Virginia Economic Development Partnership or a local or regional economic development agency will receive added points.
 - j) Information regarding partnership with the Port of Virginia
8. Business Plan for new or "start-up" businesses

SCORING

Total Points: 0

Minimum Carload Requirement:

Range	Point Values	Application Data	Section Subtotals
1. Number of Annual Carloads			
- Projected NEW annual rail carloads generated or handled by the facility.			
- Minimum carload requirement is the least number of carloads Grantee must achieve in order to score 50 points.			
a. 501 or greater	20		
b. 401 to 500	17		
c. 301 to 400	14		
d. 201 to 300	11		
e. 101 to 200	8		
f. 100 to 10	5		
g. under 10	0		
			Section Total:
2. Added Employment			
- Number of direct jobs created at the new or expanding facility			
a. 101 or greater	20		
b. 76 to 100	17		
c. 51 to 75	14		
d. 26 to 50	11		
e. 25 or less	8		
f. 0	0		
			Section Total:
3. Transportation's Investment in Construction per Initial Capital Investment Cost			
- Transportation portion of the overall investment; targets projects with a higher level of private economic investment			
- "Total Investment" includes any facility construction / expansion (e.g. land acquisition, site preparations, building footprint, roadways and parking, goods handling and storage) as well as the eligible rail related construction			
- "Requested" is the grant amount requested from the Commonwealth for rail development.			
a. 0.03 or less	10		
b. 0.04 to 0.06	8		
c. 0.07 to 0.10	6		
d. 0.11 to 0.14	4		
e. 0.15 or more	2		
			
			Section Total:
			#DIV/0!

4. Jurisdictional Unemployment Rate

- Compares the Local Unemployment Rate (LUR) to the State Unemployment Rate (SUR)
- Data source is the Bureau of Labor Statistics (https://data.bls.gov/lausmap/showMap.jsp;jsessionid=BD33509BF3CA41AE7874B60DD966ED0D_t3_06v)
- Calculated using the latest available time period on date of application review
- Calculation includes LUR - SUR (Ex.: LUR - SUR = 4.7 - 4.2 = 0.5, therefore in the (R + 0.9) or less category)

a. (R + 2.5) or greater	20	
b. (R + 2.0) to (R + 2.4)	17	
c. (R + 1.5) to (R + 1.9)	14	
d. (R + 1.0) to (R + 1.4)	11	
e. (R + 0.9) or less	8	
f. 0	0	



0.0 Section Total:

5. Project included by Virginia Economic Development Partnership or the Local EDA

- VEDP or local Economic Development Authority support for the project (letter of support must be provided with application)

Yes	10
No	0

Section Total:

6. Non-State Contributions to Track Construction

- Measures % of Local Match for the rail improvements only
- Excludes non-eligible costs associated with additional capital investment
- Minimum 30% required

a. 51% or greater	10
b. 41% to 50%	8
c. 31% to 40%	6
d. 30%	4



#DIV/0! Section Total:

7. Contributes to the long term viability of a shortline railroad

- Yes = facility is served by a Class 3 shortline railroad
- No = facility served by a Class 1 railroad (CSX/NS)
- Grantee must have railroad letter of support to be eligible

Yes	10
No	0

Section Total:

*Application Total: 0

*Any applicant receiving less than 50 points will not receive a favorable recommendation from staff, unless there are extenuating circumstances

NOTES:

*If an application scores 50 or more points and will be recommended for approval, the applicant must contact their local Commonwealth Transportation Board member to describe the project.

FREIGHT Application Evaluation & Scoring

FREIGHT Application Evaluation

Applicant:

Project Name:

Date:

Evaluated by:

ELIGIBILITY

1. Project is a network capacity expansion that increases rail carload throughput.
2. Project is ready for construction, with a minimum 30% complete at time of application. (N/A for design only application)
3. Project Aligns with at least one goal of the Statewide Rail Plan.

Rail Preservation Application Evaluation & Scoring

Rail Preservation Evaluation and Scoring

Applicant:
Project Name:

Date:
Evaluated by:

PHASE 1: PROGRAM ELIGIBILITY

CRITERIA	Points Possible	Point Thresholds	Scoring Guide Definition
Shortline Railway Preservation and Development	Yes / No	If No, project does not move to Scoring Phase	<p>The Shortline Railway Preservation and Development Fund is intended to retrain, maintain, and improve the shortline railway network and support facilities for rail freight service.</p> <p>The Program is focused on projects which:</p> <ul style="list-style-type: none"> - Raise the Class of Track Safety Standards, and/or maintain Class 2 Track Safety Standards (Class 3 where passenger service exists); - Support 286K load capacity on bridges; - Improve reliability to serve existing and new customers - Retain shortline service as an essential asset for continued economic growth, vitality, and competitiveness in national and world markets.

PHASE 2: PRIORITIZATION CRITERIA

CRITERIA	Points Possible	Score	Definition of Criteria Point Levels
State of Good Repair	25	25	<p>SOGR and Resiliency: The RPF has its greatest impact on the shortline rail network through programmatic tie, rail, and surfacing projects, as well as bridge deck repair and upgrades. Statement of age and condition of asset being replaced will be required. Consideration will be given for assets at the end of their useful life. Programmatic Tie and Rail Replacements.</p> <p>Resiliency is measured through improving preparedness for external forces such as environmental conditions, weather, poor soils, drainage, trespassing, crossings, etc. Additional focus should be given to critical infrastructure such as bridges, tunnels.</p>
Maintain Operational Efficiency	10	10	<p>The project maintains the operational capacity to address existing congestion on the railroad and/or at railroad/highway crossings. Contrary to making capacity enhancements to serve new customers, operational capacity improvements relieve existing traffic congestion through upgrades to yards, installation or upgraded strategic support facilities (i.e. yard air, signal upgrades, continuous welded rail, strategic placement of sidings, transload facility)</p>
Aligns with Additional State Priorities	3	3	<p>Virginia engages in a long term planning process to outline its vision, goals and priorities for the future of the Virginia rail network. The Statewide Rail Plan enumerates these goals and objectives, and includes specific objectives relating to the shortline rail network. The project should align with at least one of the objectives outlined in the Statewide Rail Plan.</p>
Critical Infrastructure	5	5	<p>Special consideration should be given to projects that maintain a State of Good Repair for critical infrastructure such as programmatic tie upgrades, bridges, tunnels. Especially, when maintenance of this infrastructure will save the line from discontinuing service. This category prioritizes critical infrastructure to reduce the risk / impact of failure.</p>
Regional Economic Benefit	3	3	<p>Project realizes increased economic activity by improving the marketability of Virginia through the presence of an effective shortline railroad. Improving customer confidence in a shortline railroad can retaining a current businesses looking to relocate; enticing new business to locate in Virginia; reducing truck traffic by capturing existing truck shipments; improve the Virginia's businesses ability to compete in national and international markets.</p>
Support Past RPF Projects and Investments	3	3	<p>The project should build on previous investments made within the network, ensuring a programmatic approach to preserving and improving State of Good Repair. A priority within the program is to ensure that improvements include a systemic approach and are not spot improvements.</p>
Supports Rail Industrial Access Grant Investments	3	3	<p>Project supports an existing Rail Industrial Access Grant Project</p>
TOTAL PRIORITIZATION	52	52	
PHASE 3: COST EFFECTIVENESS	10	10	<p>10 - top 1/3 5 - middle 1/3 0 - bottom 1/3</p> <p>Combined score of program goals and state initiatives per annual cost of project</p>
PHASE 3: APPLICANT PRIORITY	10	10	<p>10 - Applicant's top priority project 0 - Project not listed as top priority</p>
TOTAL SCORE	72	72	