



**Washington State  
Department of Transportation**

A stylized illustration of a freight train, featuring a white locomotive with the number 6304 and several dark-colored freight cars. The train is set against a dark, textured background.

# **Freight Rail Investment Bank Program**

**Call for projects - 2014  
for 2015-2017 Biennium**

**APPLICATION PACKET**

# **Rail Bank Application Packet**

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## I. BACKGROUND AND OVERVIEW

### Authorization

The Washington State Legislature authorized the Washington State Department of Transportation (WSDOT) to provide grants to:

- Support branch lines and light density rail lines
- Provide or improve rail access to ports
- Maintain adequate mainline capacity
- Preserve or restore rail corridors and infrastructure

### State Benefits

As required by RCW 47.76, projects must be shown to maintain or improve the freight rail system in the state and benefit the state's interests. Project proposals may be submitted if they include one or more of the following benefits to the state:

- Improve freight mobility
- Increase economic development opportunities
- Increase domestic and international trade
- Preserve or add jobs
- Reduce roadway maintenance and repair costs
- Reduce traffic congestion
- Improve port access
- Enhance environmental protection
- Enhance safety
- Support economic viability of branch lines or light density lines
- Maintain adequate mainline capacity
- Preserve or restore rail corridors and infrastructure

Project examples include:

- Rehabilitate tracks, or restore tracks that were removed
- Upgrade tracks to handle heavier rail cars and/or improve system velocity
- Provide a rail connection to existing industries not currently served by rail
- Develop rail infrastructure that can be proven essential to attract new businesses
- Repair damaged rail infrastructure
- Increase rail system capacity and/or velocity in general
- Preserve a rail corridor
- Improve connections to a port or transload facilities
- Construct transload or other facilities
- Purchase or rehabilitate railroad equipment

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- Freight rail investment bank program loans with a repayment period of no more than ten years, and only so much interest as is necessary to recoup the department's administrative cost to administer loans.
- The goal of the Rail Bank is to assist with the funding of smaller capital rail projects which will receive priority. Funds will be available for up to \$250,000 for these projects but applications are open to loans of any size within the maximum amount available for all projects but **MUST** be matched by at least 20 percent of funds from other sources.

## Project Proposals

Project proposals may be submitted if they include one or more of the following benefits to the state:

- Advance Washington State economic development goals.
- Leverage state participation by allocating cost responsibilities among beneficiaries.
- Demonstrate that there is a low likelihood of obtaining public benefits without public involvement.

Project examples include:

- Strategic multimodal consolidation centers. Project proponents to provide:
  - Service agreement from BNSF and/or UP.
  - Volume commitment from shippers.
  - Business analysis of value offered.
- Rail Rolling Stock purchases (powered or unpowered).
- Intermodal transfer or transload facilities or terminals, including attached fixtures and equipment used exclusively for this facility.
- Terminals, yards, roadway buildings, fuel station, or railroad wharves or docks, including attached fixtures and equipment used exclusively in the facility.
- Railroad signal, communication, or other operating systems, including components of such systems that must be installed on locomotives or other rolling stock.
- Siding track.
- Railroad grading or tunnel bore.
- Track including ties, rails, ballast or other track material.
- Bridges, trestles, culverts or other elevated or submerged structures.

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## Application Process

Please submit applications by mail or e-mail. We cannot accept applications by fax. Application packets **must be post-marked no later than August 29<sup>th</sup>, 2014** E-mail submissions must be received by 5:00 p.m. on August 29<sup>th</sup>, 2014. Applications will **not** be accepted after the deadline. Please send completed applications to:

**Washington State Department of Transportation  
Freight Systems Division Office  
PO Box 47342  
Olympia, WA 98504-7342  
freight@wsdot.wa.gov**

If you wish to use express or private-mail delivery, please send to:

**Washington State Department of Transportation  
Freight Systems Division  
7345 Linderson Way  
Tumwater, WA 98512**

If you have any questions or wish discuss your project and the application process, please contact:

**Christopher Herman – Freight Rail Policy & Program Manager  
360-628-1134**

WSDOT will partner with other state agencies to review the applications and submit a prioritized list of project proposals to the Governor's Office of Financial Management and the legislature by November 1, 2014. WSDOT also provides an estimate of schedule and total project costs. WSDOT administrative fees are included as part of the total project costs in the submitted list. The legislature will consider the submitted projects during the 2015 session.

The following criteria will be used to evaluate and prioritize proposals:

- |           |                                                                                                                                    |
|-----------|------------------------------------------------------------------------------------------------------------------------------------|
| 40 points | Value to the community expressed in dollar terms. This may be all or some of the state, the local community or the freight system. |
| 35 points | Strategic benefit (how integral is this to future development of the rail line, the area, the specific business, etc.).            |
| 25 points | Matching funds (scaled according to the contribution).                                                                             |

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## II. Frequently Asked Questions

### Who is eligible to submit an application to the Rail Bank?

Qualified applicants include:

- Publicly owned railroads
- Port districts
- Rail districts
- Local governments

### Is this program open to applicants from the private sector?

No. Because this is a loan program, it is not possible to include organizations from the private sector as the state constitution prohibits loans to the private sector.

### How much money is available?

It is anticipated the Washington State Legislature will allocate \$5 million for Rail Bank projects in 2015-2017. The legislature will determine how those funds will be spent based upon the applications submitted through WSDOT. It may choose to increase or decrease the funding that will actually be made available for the 2015-2017 Biennium.

### Are all these payments made as grants?

No, all payments from the Rail Bank are made by way of loans.

### Am I limited to one application?

No. Applicants may make more than one application. However, it should be kept in mind each project requires matched funding and the same match may not be used more than once. A project may not be subdivided to increase the size of the claim to more than \$250,000. Each submission should be for a separate and unrelated project.

### Who makes the decision about what projects are funded?

Applicants will score themselves using the matrix attached to this packet. WSDOT will verify and alter these scores if they appear to be incorrect. The list submitted to the Office of Financial Management will be ranked in order of the highest scores. In the event of a tie the project that was submitted first will be allocated funds first.

### What does WSDOT staff do with the applications?

WSDOT staff will review the applications to determine whether they meet the minimum criteria as set out in this packet. They will then rate them against the application criteria and verify the correctness of the applicant's score. Staff may ask the applicant for more information, and may contact shippers, the railroad involved, and others to secure additional information or to verify information already gathered. Staff may visit the project site to verify information or develop further information.

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## Can I protect confidential information?

All successful applications are subject to public records disclosure laws for the state of Washington. If any information contained in the application is confidential or proprietary, please identify those components clearly. Please note that specific information may be marked as proprietary; it is not acceptable to mark the whole application. The state of Washington will protect information to the extent allowable by law. If there is a public records request, the Freight Systems Division will notify the applicant that such information will be released on a specified date. If the applicant wants to keep the information confidential, it is the applicant's responsibility to obtain a court injunction within ten days of the notice to protect proprietary data. If the applicant fails to obtain the court order prohibiting disclosure, the Freight Systems Division will release the requested information on the date specified.

## What is the "benefit to cost" requirement?

There is a statutory requirement that all freight rail investment bank projects must deliver more benefits than cost. WSDOT staff will evaluate the economic benefits, project viability, safety, roadway preservation, rail system improvements, and environmental benefits of proposed projects, and provide that information along with cost information to the Governor's office and the legislature. WSDOT will perform a cost/benefit calculation for each application based on the responses to the requested information in this packet. Applicants must provide justification and documentation for benefits listed in the application. **Any benefits that cannot be validated will not be included in the analysis.**

## What is rail banking?

Rail banking is a separate term and is not to be confused with the Freight Rail Investment Bank Program. Washington State may have an interest in retaining rail lines at risk of abandonment, if they may become economically viable at a future date. If it appears that a line could become economically viable within ten years, the line may be rail banked or purchased by the state to prevent its loss as a rail corridor. A rail banked line may be used as a trail on a temporary basis. Maintenance or other changes on a rail banked line used as a trail must preserve the ability to use the line as a railroad in the future.

## What is the difference between this program and the Freight Rail Assistance Program?

This program is a loan program, intended for either smaller projects or as a small part of a larger project where state funds would enable the project to be completed. The Freight Rail Assistance Program is directed toward larger projects, ones where it is difficult to gain a contribution and where the rail location or the project concerned is of strategic importance to the state as well as the local community.

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## III. Application

WSDOT will use the information provided in the application to evaluate and prioritize the project proposal. Please answer each item that applies to your project as thoroughly as possible.

### 1. Contact Information

Please include:

- Contact name and title
- Organization name
- Address
- Phone and fax numbers
- E-mail address
- List all organizations and companies that are involved in planning, funding, and/or providing in-kind support, or railroad operation service for the proposal and provide contact information for each one.

### 2. Project Description

Please provide an overview of the project in two to three paragraphs, including:

- Existing conditions
- What you are proposing to do
- Where the project is located
- Which railroad(s) will serve the project's customers
- The intended outcome

#### Attachments required with application:

- Detailed vicinity map clearly showing site plan and project limits.
- Letter of support from railroad.
- Provide photographs of the site of the project that identify specific landmarks, points on track, buildings, and/or shipping areas.

### 3. Project schedule

Please provide actual or target completion date for each milestone: (**Reminder: funds are not available until July, 2015.**)

Project Milestone	Month/Year
Complete project definition	
Begin preliminary engineering	
Complete environmental documentation	
Complete right of way certification (may include acquisition)	
Start construction	
Construction complete and project functionally operational	

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## 4. Project cost

Provide an estimate of projects costs.

	Design Engineering	Right of Way	Construction Engineering	Construction Other	Construction Contract	Total
Estimated Project Cost						
Committed Local Funds						
Additional Local Funds Requested						
Other Committed Funds						
WSDOT Funds Requested						

### Attachment required with application:

- Estimate of project cost, reviewed and signed by an engineer licensed in the state of Washington.
- Detail source of additional local funding and the timeline for notification of commitment of those funds.

## 5. Proposed funding

Indicate funds for the project that are coming from various sources, and indicate if the funds are cash payments or benefits in kind.

Funding Source	Public or Private	Cash or In-Kind	Amount
Local - Port District			
Local - Other			
Railroad			
WSDOT	Public		
Federal Funds	Public		
Other			
Total			

### Attachment required with application:

- Funding commitment letters from all funding partners.

## 6. Project Detail – Benefit Cost Analysis

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By statute, the benefits of the project must be greater than costs to construct/purchase and maintain it. Furthermore, the applicant must be able to quantify the benefits in order for them to be included as part of the Benefit Cost Analysis for this project. Please see the Resources section of this packet for other examples of project benefits and methods to calculate those benefits. Other benefits that are not easily quantifiable may be included in Section 2 of the application. These benefits should detail how the project is more competitive in one or more of the program criteria described in Section I of this packet.

The applicant should present both benefits and costs for the project for 20 years into the future or the project's useful life if it is shorter. Applicants should also briefly describe current conditions and account for the impacts should the project not be funded (also known as "no build"). Projections should be as complete and accurate as possible. Any information that lacks supporting documentation will be validated and may be omitted from this analysis if it cannot be confirmed.

For the following sections, please provide detailed information that will describe and quantify the economic benefits of the project. Only provide information for those sections that are applicable to the project.

## **6.1 Shipper benefits and transportation savings**

Provide specific transportation cost information and supporting documentation for freight that will be shipped by rail as a direct result of this project. Document costs considering existing supply chain or mode of transport and how it will change once the project is completed. Please provide information for each commodity and mode shipped. Both origin and destination (including cost per ton-mile and actual mileage) should represent greater than 50% of actual or projected shipments. If not, please list as many origin and destinations as possible and use a weighted average when totaling cost per ton-mile and actual mileage. Do this individually for each commodity and each mode for multimodal shipments. Be sure to also include projections that consider cost, mileage and shipment information if the project is not completed.

### **Existing supply chain (if applicable) & supply chain costs upon completion of the project**

- Mode of transport (truck, barge, rail, etc.)
- Commodity Shipped (e.g. grain, steel, lumber)
- Origin and destination of trip
- Route
- Cost per ton-mile of shipping freight from origin to destination. Provide source.
- Actual mileage - one way from origin to destination
- Tonnage – both historical (2010-2013) & projected future tonnage (2015/16-2035/36)
- Trips (total shipments) per year - both historical (2010-2013) & projected future trips (2015/16-2035/36)
- Tonnage per unit (truck, container, railcar, etc.) - both historical (2010-2013) & projected future tonnage (2015/16-2035/36)
- List of current and future rail shippers impacted by project (contact person's name, title, company name, email address and phone number for each current and prospective shipper)

## **6.2 Reduction in impacts to roadways**

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Projects that reduce the total number of truck trips not only result in reduced costs to maintain roadways but also lead to safer roadways. Please provide the following information. Make sure to also include all information requested in Section 6a of this application.

- Actual mileage – round trip from origin to destination and back (or otherwise if multi-stop)
- Total annual truck miles traveled (also known as Vehicle Miles Traveled – or VMT) – include both loaded (include tare weight) and empty. Please also list VMT avoided by project completion.
- Actual roadway maintenance cost avoidance information attributable to the project, if available.

Please see the Resources Section to better understand how the Benefit Cost Analysis will calculate safety benefits for projects.

## 6.3 Economic development and job creation

State the number of permanent, full-time direct jobs created and/or retained as a result of the economic activity being supported by this project. Direct jobs refer to new jobs in companies, developments, or sites specifically resulting from the project. Do not include temporary jobs created in project construction or indirect “multiplier” jobs. Retained jobs do **not** include existing jobs unless there is an immediate threat the company or development will relocate outside of the State of Washington. Please provide documentation of created or retained jobs supported by this project.

- Number of full time direct jobs created
- Number of full time jobs retained
- Hourly wage for all new jobs
- Hourly wage for all retained jobs
- What is the current payroll of jobs that will be preserved by completing this project? What is the projected payroll of jobs that would be created, both on the railroad and in the industries it would serve? Please include average wage including benefits.
- For each group of jobs that will be sustained or created, please provide the name of a contact person, the company’s name, and a phone number.

## 6.4 Reduction in carbon and other greenhouse gas emissions

Shifts in mode from truck to rail transportation of goods will often lead to a reduction in greenhouse gas emissions. Using annual VMT, calculate the total reduction in shorts tons (2000 pounds) of Carbon Dioxide (CO<sub>2</sub>), Volatile Organic Compounds (VOCs), Nitrogen Oxides (NO<sub>x</sub>), Particulate Matter (PM) and Sulfur Dioxide (Sox). Please see the References Section for information on how to calculate tons of greenhouse gasses emitted as well as monetized values used to quantify this benefit.

In this section you may also document any fuel savings as a result of a shift in mode. Be careful not to double count this benefit here in Section 6d and also in Section 6a. You may only document this benefit once.

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## 6.5 Tax revenue generated from increased industrial development

Property taxes generated from new industrial development can be included in the benefit cost analysis if the development is contingent upon the completion of this project. Provide the following information and supporting documentation:

- Location and detailed description of industrial development
- Assessed value of the land (and improvements) prior to development and projected value upon completion.

## 6.6 Reduction in ongoing maintenance expense

Provide the estimated annual costs for maintenance on the project starting in the year the costs will be realized. Please indicate if the project reduces maintenance costs for an existing railroad asset. Maintenance costs may include but are not limited to vegetation clearing, ballast renewal, and tie replacement. Be sure to also include costs in the event the project is not completed.

## 6.7 Reduction in operating costs

Projects that lead to safely increased train speeds will improve efficiency and often reduce the operational costs for the railroad. Please provide detailed information that documents anticipated cost savings that is a direct result of the completion of this project.

## 6.8 Public benefit

- How will the project benefit the community? This may be the state, the local community or the system-wide freight network.
- Provide a dollar valuation for each of these communities and how the value was arrived at. If one or more of these communities is not impacted, then specifically say so in your packet application.
- The sort of things that you will need to take into consideration will be the impact on any job retention or creation. Include any delays that are minimized by the project. Show too, the value to the freight system. Does the project mean that congestion at this or another location is reduced?

## 6.9 Other quantifiable project benefits

Many project have additional benefits that can be quantified and provide value to the users and/or public benefits. In detail, describe the benefits the project will achieve and then document how the completed project achieves the stated benefit. Be as detailed as possible and make sure to show all work when monetizing the benefit.

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## 7. Project sustainability

Please describe how the improvements completed in this project will be maintained and preserved. Who will be responsible for ongoing maintenance? If it is someone other than the applicant, please make sure the responsible party accepts responsibility in their support letter.

## 8. Safety improvements

Describe existing hazard(s) within the project limits and how the proposed project improves safety:

- Specific information on property damage that may be reduced or eliminated.
- Specific information on injury accidents that may be reduced or eliminated.

## 9. Urgent need

- Explain any special issues that create an urgent need. Examples of urgent projects might include:
  - Repairs to a tunnel wall that has started to bulge
  - Provision of a temporary trestle while a bridge is repaired

An urgent need can also be created by special factors that would greatly increase the cost of the project if delayed two years or more. Routine inflation is not considered. Examples of special factors include:

- If a bridge is not repaired, it may become unusable within the two-year period and have to be entirely replaced.
- A rail line needs to be built in conjunction with a road or other construction project. Without coordinated construction, the rail project will be dramatically more expensive in the future.

## 10. Preservation of rail line

- Explain how your project proposal will preserve service on the line if the rail line is at-risk of immediate abandonment.
- Will the proposed project restore service on an inactive rail line?

## 11. Geographic balance and support for regional economies

Is the project in a county listed as economically distressed by the Washington State Department of Employment Security? If the project is not in one of the listed counties, but the rail line on which the project is located runs through one of them, detail any positive economic benefits that would accrue to the distressed county.

Please refer to the following web address for a list of distressed counties:

<https://fortress.wa.gov/esd/employmentdata/reports-publications/regional-reports/distressed-areas-list>

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## 12. Reducing system-wide rail delays

Please explain how the proposal will eliminate or reduce overall rail system delays. Examples of delay reduction:

- Realignment of rail track to increase speeds on the main line or at junctions.
- Provision of a longer run-around loop to avoid a train having to be split to be run-around.
- Lengthen sidings to enable a facility to receive longer trains and avoid the end of the train standing foul of the main line until removed by a switching locomotive.

## 13. Environmental impacts

Explain the environmental benefits and impacts that will result from the project. Remember that most rail projects have environmental impacts and will require a degree of environmental work. Answer the following questions as part of your applications:

- Are there wetlands or streams on or near your project site? If yes, how close is your project site to those wetlands or streams?
- Has your project site been evaluated for archaeological or historic resources? If yes, please submit the cultural resources report.
- What animals, birds, and plants are present on your project site (those species that would be considered endangered, threatened, or monitored by state or federal agencies)?
- Have you completed the State Environmental Policy Act (SEPA) process? If yes, please submit a copy of the documentation.
- What federal, state, and local permits will be needed for your project?

## 14. Coordination with regional and statewide goals

Detail which regional or statewide planning efforts the project is documented in. If not documented in a statewide plan, which priorities discussed in the 2013 Washington State Rail Plan does this project address.

## 15. Project Business Plan

### Management profile

Provide a profile of management experience and results, education and training, for rail operators (and port or regional entity project managers, if applicable.) What project management qualifications does the project manager have? (e.g. PMP)

### Marketing plan

- What new and/or extended freight services will the rail operator, port or local government provide as a result of this plan?
- Where and when will the service be offered?
- Provide a profile of types of customers that will find value in the new/extended services.
- What additional value will customers derive from this plan?

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- What will differentiate this freight service from regional competition? Include an analysis of substitute competition such as truck and barge.
- Profile current and future demand in rail-dependent sector served in market area (grain, industrial, intermodal, timber/wood products, etc.).
- Provide action plan to reach rail carload sales projections.
- Provide action plan to check results quarterly and adjust marketing plan to actuals.

## **Operations plan**

Provide operations plan for rail services to be provided upon completion of proposed project, including:

- Service schedule: operational hours. What services will be provided?
- Service outline/interchange plan between shortline and mainline railroad
- Switching operations plan, if applicable
- Key personnel contacts; emergency contacts
- Action plan indicating suggested service metrics and how the company will report actual performance against service metrics
- Personnel, training and certification plan
- Safety plan
- Track structure maintenance plan

## **Financial plan**

### **Attachments required with application:**

- Income statements, cash flow statements and balance sheets for years 2011 – 2013.
- Proformas for 2015, 2016, 2017 (and beyond) assuming that the project is funded.

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## 16. Additional Comments

Please provide any other information or reasoning that you would like to be considered in support of your project.

### Check List of Required Attachments:

- ✓ Detailed project vicinity map clearly showing site plan and project limits.
- ✓ Letter of support from railroad.
- ✓ Estimate of project cost, reviewed and signed by an engineer licensed in the state of Washington.
- ✓ Funding commitment letters from all funding partners.
- ✓ A business plan for the project.
- ✓ Answers to each specific question outlined in the application. Especially note the requirements of the environmental questions as outlined in #13 above.

Complete the matrix below:

<b>Section 1 – Contribution – Maximum 25 points</b>							<b>Total</b>
<20%	20%	25%	30%	35%	40%	>45%	
Not Valid 0	5	8	12	17	22	25	
<b>Section 2 – Strategic Interest – Contribution Maximum 35 points Each Yes, score 5 points</b>							<b>Total</b>
• Does this provide a new rail connection?					Yes/No		
• Is the project supporting a short-line operation? (increasing its viability)					Yes/No		
• Does this mitigate impacts of rail traffic on local communities?					Yes/No		
• Does the product allow transfer of mode to rail?					Yes/No		
• Is the project crucial to the economic operations of a specific business?					Yes/No		
• Does this create better integration within freight systems?					Yes/No		
• Will the project protect a rail asset that is deteriorating without the help?					Yes/No		
<b>Section 3 – Value to the Community – Maximum 40 points Each Yes, score 5 points</b>							<b>Total</b>
• Will this project add 10 or more jobs?					Yes/No		

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<ul style="list-style-type: none"> <li>• Will this project add 50 or more jobs? Yes/No</li> <li>• Will this project add 100 or more jobs? Yes/No</li> <li>• Is it located in a distressed economic county?* Yes/No</li> <li>• Reduction in Greenhouse gasses (RCW 70.235.070) Yes/No</li> <li>• Viability of project based on business plan – up to 15 points</li> </ul>	<p><b>Leave blank</b></p>
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\*See # 11 on page 13.