Washington State
Department of Transportation

Freight Rail Investment Bank Program

Call for projects - 2013 for 2013-2015 Biennium

APPLICATION PACKET

Rail Bank Application Packet

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I. BACKGROUND AND OVERVIEW

Authorization

- The Washington State Legislature requires the Washington State Department of Transportation (WSDOT), under ESSB 5024, Section 310, Chapter 306, Laws of 2013, to issue a call for Rail projects.
- Clause 2(a) states that these projects are due from the Department *"By November 1, 2013, the department shall submit a prioritized list of recommended projects to the Office of Financial Management and the transportation committees of the legislature"*.
- The Governor and Legislature expect these projects to be prioritized using the following priorities and in order of relative importance:

  (i) Economic, safety, or environmental advantages of freight movement by rail compared to alternative modes;

  (ii) Self-sustaining economic development that creates family-wage jobs;

  (iii) Preservation of transportation corridors that would otherwise be lost;

  (iv) Increased access to efficient and cost-effective transport to market for Washington's agricultural and industrial products;

  (v) Better integration and cooperation within the regional, national, and international systems of freight distribution; and

  (vi) Mitigation of impacts of increased rail traffic on communities.

- 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 Governor and Legislature allocated $7.332 million for Freight Rail Investment Bank (Rail Bank) projects in 2013-2015. $5.383 million in loans were anticipated as a result of the 2012 Call for Projects. As a result, $1.948 million remains unallocated for Freight Rail Investment Bank.

- 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.

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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 September 20th 2013**. E-mail submissions must be received by 11:59 p.m. on September 20th 2013. **Applications will not be accepted after the deadline.**
Please send completed applications to:

Washington State Department of Transportation
Freight Systems Division
PO Box 47407
Olympia, WA 98504-7407
freight@wsdot.wa.gov

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

Washington State Department of Transportation
Freight Systems
310 Maple Park Ave. SE
Olympia, WA 98504-7407

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

Chris Herman – Freight Rail Policy & Program Manager
360-705-6921

WSDOT will review the applications and compile a prioritized list of project proposals that will be submitted to the legislature by November 1, 2013. If approved and funded by the Governor and the Legislature, these funds will be available after July 1, 2014.

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).

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 an additional $1.948 million for Rail Bank projects in 2013-2015.

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.

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 assistance 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.

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
- Provide contact information for all organizations and companies that are involved in planning, funding or providing in-kind support, or railroad operation service for the project.

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 is the project 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 (remember no funds can be distributed prior to July 1, 2014):

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	

4. Project cost

Provide an estimate of project 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:

- Project cost estimate, reviewed and signed by an engineer licensed in the state of Washington. (This estimate applies to construction projects and should be broken down to show the costs of each element.)

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	Percentage
Local – Port/Rail District				
Local – Other				
Railroad				
WSDOT	**Public**			
Federal Funds	**Public**			
Other				
Total				

Attachment required with application:

- Funding commitment letters from all funding partners.

6. Yearly maintenance costs

Provide the estimated costs for maintenance for the project starting in the year they will be realized. Maintenance costs may include but are not limited to vegetation clearing, ballast renewal, and tie replacement.

7. Reduced road impacts

Provide specific information and supporting documentation for freight that will be shipped by rail as a direct result of project development – before and after project completion.

Truck information

- Cost per mile of shipping freight from origin to destination. Provide information source.
- Origin and destination of truck trip
- Route of truck trip (names and mileposts)
- Actual highway mileage-one way from origin to destination
- Type of truck trailer (dry van, dump, flatbed with sides, tanker, container, auto hauler)
- Gross declared weight in pounds (10,001 to 26,000; 26,001 to 78,000; 78,001 to 80,000; 80,001 to 104,000; 104,001 to 105,500)
- Tonnage per truck excluding tare weight
- Total truck trips by year from 2008 through 2012
- Estimated number of truck trips per year (2014 through 2023) –With project development and without project
- Commodity Shipped (e.g. grain, steel, lumber)

Rail information

- Cost per mile of shipping freight from origin to destination. Provide information source.
- Origin and destination of train trip
- Route of train (names and mileposts)
- Actual rail mileage-one way from origin to destination
- Type of rail car (Double-stack, covered hopper, box car, gondola, tank car, TOFC or auto rack)
- Number of rail cars shipping annually on project-impacted segment of rail line from 2008-2012
- Estimated number of rail cars by year (2014 through 2023) –With project development and without project
- Average number of cars per train
- Tonnage per car excluding tare weight
- Commodity shipped (e.g. grain, steel, lumber)
- List of current shippers in 2012
- List of future shippers and annual number of rail cars
- Complete rail shipper contact information (contact person's name, title, company name, email address and phone number for each current and prospective shipper)
- Improvements in reliability of service
- Improvement in rail access

8. Safety improvements

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

- The estimated annual amounts of freight tonnage that will use rail as a direct result of the project.
- Specific information on property damage that may be reduced or eliminated.
- Specific information on injury accidents that may be reduced or eliminated.

9. Value to the community

- 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?
- Will the project result in a reduction of vehicle miles travelled or reduce in some other way as set out in RCW 70.235.070?

10. Tax from Industrial Development

Property taxes generated from new industrial development. Provide the following information and supporting documentation:

- Type of industrial development
- Assessed value of the industrial development

11. 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.

12. 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?

13. Environmental impacts

Explain the environmental benefits and impacts that will result from the project, specifically:

- The estimated annual truck trips reduced by using rail as a direct result of 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. 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

15. Automobile Delay and At-Grade Crossings

At-grade crossing delays of automobiles are costs that may be reduced or eliminated by certain types of projects. At-grade separation projects eliminate delays while other projects may reduce them. Provide the following information and supporting documentation:

- At-grade crossing location
- Traffic information for trains and automobiles
  - Average Annual Daily Traffic for each at-grade crossing
  - The average time that trains block each at-grade crossing
- Narrative on how the project will result in the elimination or reduction in delays

16. Economic development benefits

- Please state how many long-term jobs will be created by the project and the anticipated employment growth over a 5-year period. In the alternative, state how many long-term jobs will be lost if the project is not constructed.

- 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?
- 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; see shippers list.

Shipper savings
If this project is constructed please explain the impacts on rail-dependant shippers, existing and potential. How much would shippers save in freight charges, if any? Explain the current method of shipping, how that would change, and what the rates are for the current and prospective methods.

17. Project Business Plan

The following areas to be included in the business plan.

Management profile
Provide a profile of rail 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 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?
- What will differentiate this freight service from regional competition? Include an analysis of substitute competition such as truck and barge.
- Profile current and future demands in rail-dependent sectors 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 short-line and main line 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

- A financial plan for the project (you may use the same one that was used to obtain the matching funds if you have one).

18. Additional comments

Please provide any additional information or reasoning that you would like considered as part of your project proposal.

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.
- ✓ A completed matrix for each submission (this is outlined on the next page).
- ✓ 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:

Section 1 – Contribution – Maximum 25 points							**Total**
<20%	20%	25%	30%	35%	40%	>45%	
Not Valid 0	5	8	12	17	22	25	
Section 2 – Strategic Interest – Contribution Maximum 35 points **Each Yes, score 5 points**							**Total**
• 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							
Section 3 – Value to the Community – Maximum 40 points **Each Yes, score 5 points**							**Total**
• Will this project add 10 or more jobs? Yes/No • Will this project add 50 or more jobs? Yes/No • Will this project add 100 or more jobs? Yes/No • Is it located in a distressed economic county?* Yes/No • Reduction in Greenhouse gasses (RCW 70.235.070) Yes/No • Viability of project based on business plan – up to 15 points							**Leave blank**

*See # 14 on page 11.