

Rail Industrial Access Program

Proposed Repayment Policy

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Program Background & Repayment

- ❑ CTB approved applications enter into an agreement with the Department of Rail and Public Transportation
 - Grantee must submit a final scope, budget and schedule for approval
 - Grantee must commit to rail carload targets for the first five years after project completion.
- ❑ Currently, non-performance of railcar traffic within 5 years of project completion qualifies all grantees for full repayment of the grant.
- ❑ During the recession and slow economic recovery an increasing number of grantees did not meet performance requirements.
- ❑ Grantees did run some carloads, but currently non-performance requires full repayment of the grant amount.
- ❑ The Department, in the interest of fairness, proposes a repayment policy which gives partial credit for achievement of some public benefit.

Proposed RIA Repayment Policy

- ❑ Public Benefit is defined as target railcar traffic to or from a Rail Industrial Access site, which would otherwise have moved by truck.
- ❑ Partial Public Benefit is defined as the highest level of railcar traffic achieved in one year of the five year performance window, which falls below the target rail carloads per the grant agreement.
- ❑ Repayment to the Department for non-performance will be based on the percentage of public benefit not achieved.

Example Repayment Calculation

- ❑ Grantee A received \$100,000 in RIA grant funds with a commitment to run 300 railcars in one of the five years of performance.

- ❑ By completion of the fifth year of performance (July 1 – June 30), Grantee A has only run:
 - 100 carloads in year 1
 - 200 carloads in year 2
 - **215 carloads in year 3**
 - 150 carloads in year 4
 - 200 carloads in year 5

- ❑ $215/300 = 72\%$ public benefit achieved, 28% not achieved
- ❑ $.28 \times \$100,000 = \$28,000$ repayment to the Department

Proposed RIA Repayment Policy

- ❑ The Director would work out a repayment plan if necessary.
- ❑ Grantees are given credit for the public benefit they did achieve.
- ❑ Grantees who do not utilize the tracks within 5 years must still repay the full amount of the grant.



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