

Rail Enhancement Fund

Program Policy Goals

The following Program Policy Goals were adopted by the Commonwealth Transportation Board on 10/20/2005. Goals 1, 2, 3 and 5 are minimum policy criteria for project consideration. Compliance with these minimum criteria must be demonstrated before further consideration will be given to funding a project.

- 1. Projects will provide an additional or accelerated investment in Virginia rail projects, which are determined to have a substantial public benefit equal to or greater than the public investment.**
The Rail Enhancement Fund provides funding for the development and improvement of rail infrastructure in Virginia and also for the acquisition of rolling stock, signal systems and equipment. The Rail Enhancement Fund will be used to fund projects and proposals found to have a public benefit that is equal to or greater than the public investment, and which are not likely to be completed in a timely manner without use of Rail Enhancement Funds.
- 2. Projects will address the needs identified in the applicable state, regional and/or local plans, developed in consultation with public and private partners.**
Projects will generally address the needs identified in the applicable state, regional and/or local plans to the extent such plans exist, including VTrans 2035, The Virginia State Rail Plan and those goals adopted by Governor Warner's Commission on Rail Enhancement for the 21st Century. In addition, DRPT is developing statewide rail plans for rail initiatives in the Commonwealth, which will be referenced upon completion.
- 3. Projects will encourage competition and economic development by promoting, or not precluding, access by more than one rail operator and whenever possible joint access by freight and passenger operators to optimize the Commonwealth's investment.**
Projects should maximize rail usage and promote competition whenever feasible. Projects in corridors that are utilized for both freight and passenger service must demonstrate that both types of service will benefit from the improvement. Where feasible, rail infrastructure-related projects should not be designed to preclude access by more than one operator.
- 4. The use of Rail Enhancement Funds will evolve from a focus on quick turn-around, high impact projects to a multi-year strategic program of projects that leads to an integrated six-year rail (passenger/freight) improvement program.**
The Director of DRPT will develop recommendations for an annual program of projects that will be incorporated into the Commonwealth's Six-Year Improvement Plan. In addition to considering applications, the Director of DRPT may also recommend specific projects for consideration. Individual projects will be viewed in terms of how they benefit the overall rail network in Virginia.
- 5. The Program will limit long term Commonwealth funding liability through the development of achievable project schedules and budgets. Consideration will be given to funding major projects over a period of several years.**
Projects will limit the long term liability of the Rail Enhancement Fund by proposing and adhering to achievable schedules and budgets. Well-defined project budgets and schedules will be developed prior to submission of applications and projects will be completed within a specified time frame. Applications for projects will include detailed cost, schedule and budget information. For construction projects, applications that include preliminary engineering completed to 30% will receive more positive weight and consideration during the review process.

Some large projects will require funding over several years. DRPT will identify those projects that, due to their size and complexity, require funding over an extended period. The CTB will give consideration to the duration of funding for multi-year projects. Project progress will be closely monitored to ensure that they continue to move toward completion in accordance with their proposed schedules and budgets.

6. Where feasible, projects will optimize public benefits by leveraging funds from sources other than the Rail Enhancement Fund.

The law creating the Rail Enhancement Fund requires a minimum of a 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources. Projects are likely to receive more favorable consideration if a higher match ratio is proposed. Projects that are part of a larger package of improvements funded from other sources are encouraged and are likely to receive more favorable consideration. Additional investments above the minimum match requirement broaden the sharing of the risk and improve the chances of project success.

7. Projects will protect the Commonwealth's public interest in private facilities.

The Commonwealth will ensure that any improvements made with public funds remain available for the proposed public use for the useful life of the project. Contractual agreements will be written to protect the Commonwealth's public interest in the private facilities and to require compensation for the residual value of the investment if the public use ceases within the period of useful life.

8. Projects will contribute to the effectiveness of the entire transportation system.

Projects will promote congestion relief, encourage economic development, enhance the competitiveness of Virginia ports, airports, and multi-modal facilities, and promote safety, health and environmental benefits, and improve mobility or any combination of these objectives.

9. At least 90 percent of program funds will be spent on capital improvements.

At least 90% of the Rail Enhancement Fund in any fiscal year will be expended on acquiring, leasing, and/or improving railways or railroad equipment, signals and communication improvements, rolling stock, rights-of-way or facilities, including design and construction engineering. Up to 10% of the Fund in any fiscal year may be spent on planning and environmental evaluation leading to capital project improvements.