



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

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Agenda item # 5

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 20, 2016

MOTION

Made By: Mr. Fralin, Seconded By: Mr. Kasprovicz
Action: Motion Carried, Unanimously

Title: Rail Industrial Access – Performance Livestock and Feed Company

Location: Henry County, Virginia

WHEREAS, funding is provided by the General Assembly for Industrial, Airport, and Rail Access projects; and

WHEREAS, Section 33.2-1600 of the *Code of Virginia* declares it to be in the public interest that access railroad tracks and facilities be constructed to certain industrial commercial sites where rail freight service is or may be needed by new or substantially expanded industry; and

WHEREAS, Performance Livestock and Feed Company has submitted an application for Rail Industrial Access grant funds in the amount of \$345,000 toward construction of 1,744 feet of track to serve a facility in Henry County; and

WHEREAS, the Department of Rail and Public Transportation (DRPT) has evaluated the project in accordance with the Board's Rail Industrial Access policy and, because the project scores 69 points, has recommended approval of the project; and

WHEREAS, the Board of Supervisors of Henry County has, by resolution dated February 23, 2016, shown support for the application of up to \$345,000 in Industrial Access Railroad Track funds for assistance in expanding track facilities to serve the proposed Performance Livestock and Feed Company facility located in Henry County; and

WHEREAS, Norfolk and Southern Railway Company, by letter dated February 12, 2016, has indicated its support for the project and has agreed to serve the facility; and

WHEREAS, the funding request falls within the intent of Section 33.2-1600, and because the project is in accordance with the provisions of the Board's policy on the use of Industrial Access Railroad Track funds, funding may be allocated to this project; and

WHEREAS, the Board believes that this project is for the common good of a region of the Commonwealth and serves a public purpose;

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves that \$345,000 of the Industrial, Airport, and Rail Access Fund with a \$45,000 requirement for local match be provided to construct approximately 1,744 linear feet of track subject to the following requirements:

1. All necessary right of way and utility adjustments must be provided at no cost to the Commonwealth.
2. All costs above the \$345,000 industrial rail access grant must be borne by Performance Livestock and Feed Company or sources other than those administered by DRPT.
3. Execution of an agreement acceptable to the Director of DRPT.

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CTB Decision Brief

Rail Industrial Access Applicant

Location: Henry County, Virginia

Performance Livestock and Feed Company

Summary: Performance Livestock and Feed Company has submitted an application for Rail Industrial Access grant funds in the amount of \$345,000 to construct a siding and for loading and unloading of materials to serve their Henry County location. The project will support their expansion of a feed manufacturing operation. The facility will be served by Norfolk Southern.

Performance Livestock and Feed Company is headquartered in Lawsonville, North Carolina. The company specializes in pellet complete feeds, grains commodities, and operates a working cattle operation. Performance has a dealer network across the southeast. The new Henry County facility will be their second pellet feed manufacturing facility. Rail access is critical to the operation of this facility by allowing raw materials to be shipped in as well as shipping out the finished product via rail.

Facts:

- DRPT has evaluated the project in accordance with the Board's Rail Industrial Access policy. The project scores 69 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- The Applicant will commit to an additional 1,000 rail carloads annually.
- The minimum threshold for carloads is 100 carloads annually.
- The Applicant will commit to 32 new jobs with this expansion.
- The Applicant's pellet complete feed business will support agricultural industries such as grain farming and livestock (cattle, horses, sheep, goats, etc.). They also support wholesale and retail sales and commodity brokerage for purchasing ingredients.
- Railcar versus truckload ratio for this project is approximately 1.1 (1,000 railcars/900 truckloads).
- Total Capital Investment in the expanded facility is estimated at \$4.0 million.
- Total Track Construction is estimated at \$990,000.
- There will be a claw-back provision in the agreement for failure to meet performance requirements based on the new performance policies adopted by the CTB in April 2015.

Source of State Funds: FY 2016 Industrial, Airport, and Rail Access Fund.

Recommendation: In accordance with the CTB Rail Industrial Access policy, DRPT recommends the Board approve the project for a grant to be awarded after March 15, 2016.

Action Required by CTB: CTB policy for Rail Industrial Access requires Board action on the resolution.

Options: Approve, Deny, or Defer

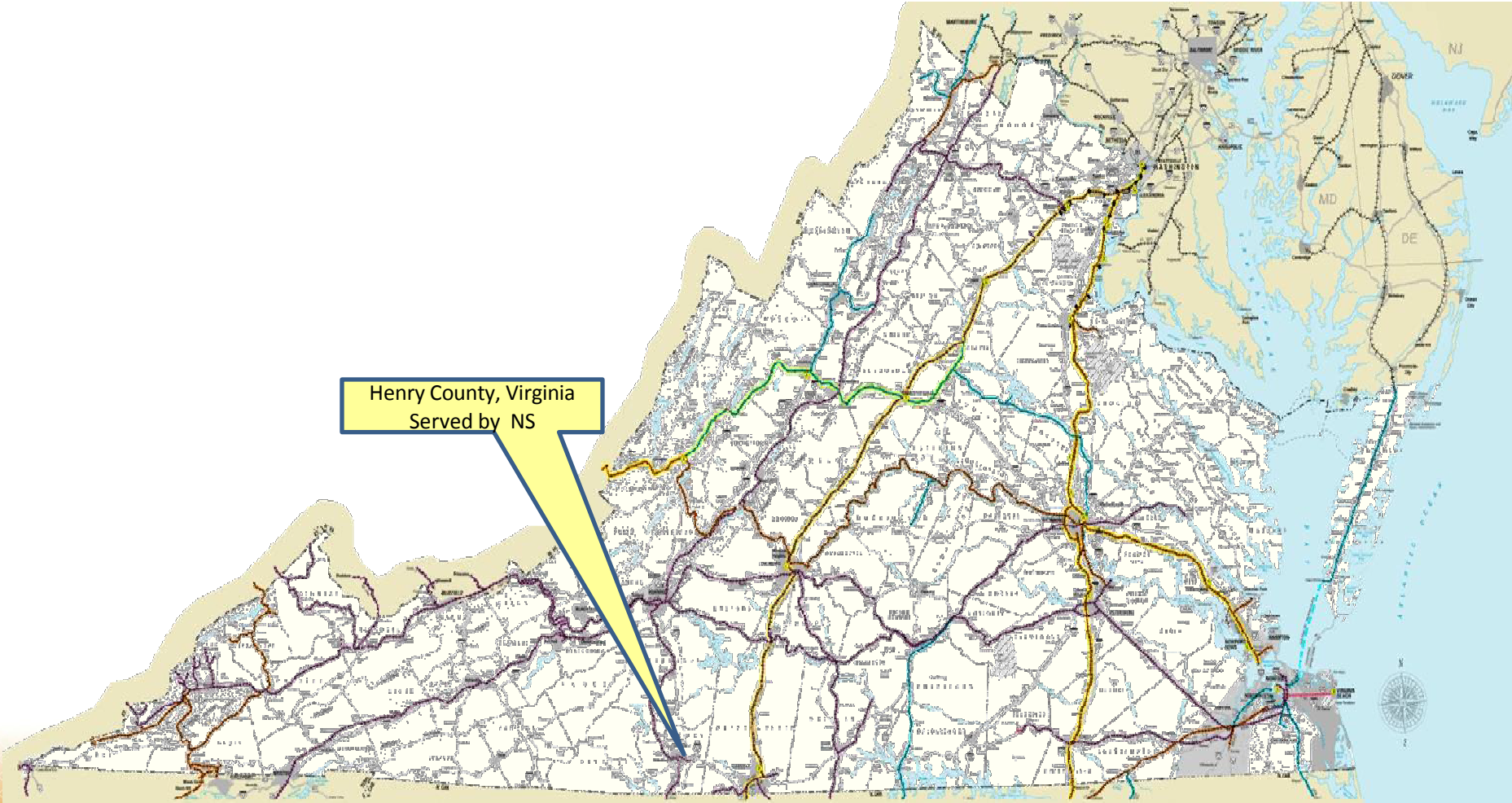
Rail Industrial Access Program Application Briefing

Performance Livestock & Feed Company
Henry County, Virginia

Jeremy Latimer
Rail Transportation Programs Administrator

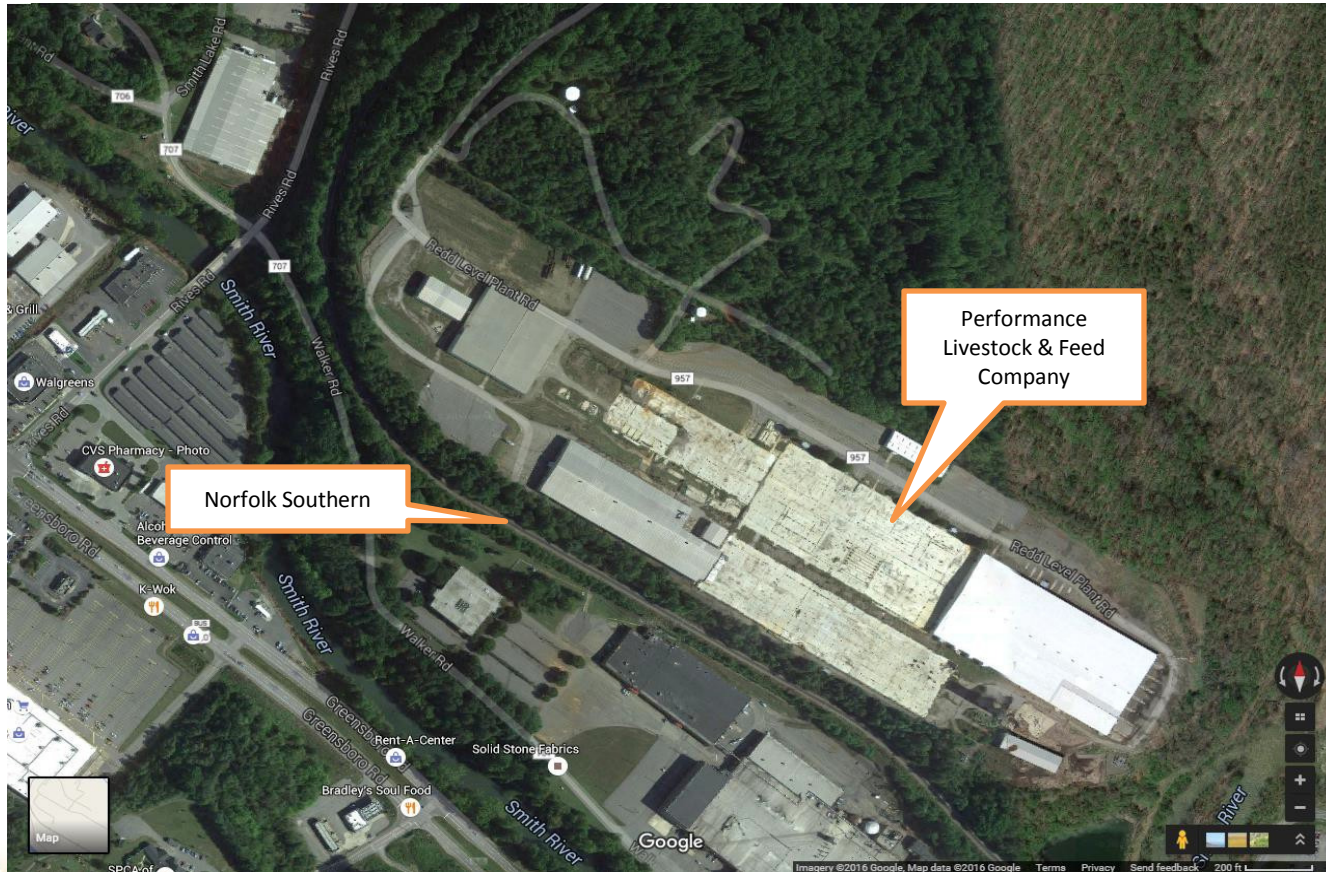
Project Location

Performance Livestock & Feed Company



Project Location

Performance Livestock & Feed Company



Project Summary

- Performance Livestock & Feed Company produces complete feed pellets, grains commodities, and operates a working cattle operation. They provide services for farm operations, mills, and several universities from Florida to Michigan.
- Performance is headquartered in North Carolina and expanding to Henry County, VA due to rail access at the Redd Level location.
- This rail expansion project is part of a planned expansion of Performance with their feed division.
 - The rail expansion will increase their ability to ship finished products by rail and receive raw materials by rail
 - Rail traffic is expected to be 1,000 cars within the first year of operation.

Project Summary

- Application for \$345,000
 - \$4.0M Estimated Capital Expenditure
 - Land Acquisition
 - Building Improvements
 - Rail Construction
 - \$990,000 Estimated Rail Project Cost
 - Cost overruns responsibility of applicant
- Public Benefit Metrics:
 - 1,000 additional railcars annually
 - 0 existing cars per year (new business in Virginia)
 - 32 new jobs associated with this expansion
 - Ratio of railcar/trucks will be approximately 1.1 (1000 railcars / 900 trucks)
- Application scores 69 of 100 points.
- Minimum threshold will be at least 100 new carloads.

DRPT

www.drpt.virginia.gov

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