



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 225-2940

Agenda item #14

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

September 20, 2017

MOTION

Made By: Mr. Whitworth., **Seconded By:** Ms. Detuncq.

Action: Motion Carried, Unanimously

Title: Rail Industrial Access – Houff Company

Location: Town of Clifton Forge, 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, Houff Corporation has submitted an application for Rail Industrial Access grant funds in the amount of \$438,000 toward construction of 2,200 feet of track and rehabilitate existing track to serve a new transload facility in the Town of Clifton Forge; 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 52 points, has recommended approval of the project; and

WHEREAS, the Town Council of Clifton Forge, Virginia has, by resolution dated June 27, 2017, shown support for the application of up to \$438,000 in Industrial Access Railroad Track funds for assistance in expanding track facilities to serve the proposed Houff Corporation facility located in the Town of Clifton Forge; and

WHEREAS, CSX Transportation, by letter dated June 26, 2017, has indicated its support for the project and has agreed to serve the facility; and

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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 \$438,000 of the Industrial, Airport, and Rail Access Fund with a \$138,000 requirement for local match be provided to construct 2,200 feet of track and rehabilitate existing 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 \$438,000 industrial rail access grant must be borne by Houff Corporation 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: Town of Clifton Forge, Alleghany County, Virginia

Houff Corporation

Summary: Houff Corporation has submitted an application for Rail Industrial Access grant funds in the amount of \$438,000 to construct 2,200 feet of track and rehabilitate existing track at a former CSX rail yard now owned by the Town of Clifton Forge, Virginia. The project will construct a transload facility handling deicing salt for VDOT as well as local governments in Southwest Virginia and chemicals for the West Rock facility in Covington, Virginia. The facility will be served by CSX Transportation.

Houff Corporation is headquartered in Weyers Cave, Virginia. The company specializes in feed and fertilizers and in 1994 became involved in the transload business. The construction of a new transload site in Clifton Forge will enable the Company to increase volume by at least 401 railcars per year and more efficiently serve southwest Virginia.

Facts:

- DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 52 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- The Applicant will commit to an additional 401 rail carloads annually.
- The minimum threshold for carloads is 401 carloads annually.
- The Applicant will commit to 2 new jobs with this expansion.
- The Applicant's transload facility will support distribution of deicing salt to state and local governments in Southwest Virginia. It will also provide chemical transload for operations at the WestRock facility in Covington, VA.
- Railcar versus truckload ratio for this project is approximately .25 (1,203 railcars/ 4,812 truckloads over three years).
- Total Capital Investment in the expanded facility is estimated at \$2.92 million.
- Total Track Construction is estimated at \$980,000.
- There will be a claw-back provision in the agreement for failure to meet performance requirements based on the performance policies adopted by the CTB in April 2015.

Source of State Funds: FY 2018 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 September 20, 2017.

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

Options: Approve, Deny, or Defer