

# Rail Industrial Access Update

CTB Rail Subcommittee

May 15, 2018

# Agenda



• Slides 3 – 7

Discuss Policy Update Proposal

• Slides 8 – 14



5/17/2018

2

## Objectives



### Why reevaluate existing CTB Policy?

- Update RIA CTB Policy Resolution from 1995
- Section 33.2-1600: "...The Board shall adopt procedures to encourage widespread use of the funds..."
- Feedback from Shortlines:
  - Small projects cannot utilize the fund
  - Capital Expenditure is a barrier
  - Smaller projects could qualify with policy changes
  - Larger projects could qualify for more funds

5/17/2018

3

## 2013-2017 Economic Benefit of Truck Diversion



# What are the total benefits of the RIA Program?Performance measures carloads (truck

- Performance measures carloads (truck diversion)
- 43 Grantees reporting between 2013 2017
- \$14M in Rail Industrial Access Funds expended
- \$57M in Public Benefits measured over 5 years
  - \$6.2M in Pavement Savings
  - \$9.4M in Congestion Savings
  - 26.4M in Emissions Savings
  - \$15.4M in Crash Reduction Savings

Source: State Rail Plan; Average distance of a truck trip in Virginia: 171 miles

### Measuring Benefits



### **VEDP** Evaluation

Benefits – Incentives = NPV Benefits of Taxes Collected

Public Benefits of Investment

Does Not Report

### **DRPT** Evaluation

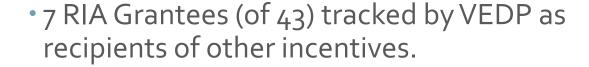
Employment, Carloads, Investment

50 points or greater

Public Benefits of Investment

Monetize congestion, air quality, safety, etc.

# 2013-2017 Benefit of Employment



- Total Benefit Total State Incentive = NPV
- Total Incentives Received: \$4.3M
- Net Present Value (5 years): \$1.78M



# Rollover of Funds



### Rollover of unused funding

- DRPT receives up to \$3M of a \$5.5M pot of funds shared with the VDOT Economic Access Fund
- Avg RIA Awards (5 years): \$1M annually
- Funds not allocated each fiscal year roll over to VDOT as part of the VDOT Economic Access Fund.
- FY17 a balance of \$25M was reallocated from this program.
- Current Balance of VDOT Economic Access Fund is approximately \$4M

### Recommended Policy Changes

# Updating the Rail Industrial Access Program Policies



# Recommended Policy Changes



### **Current Policy**

- Maximum grant amount is 15% of total Capital Expenditure up to \$450,000
- Mainline switch and support facilities are not eligible expenses
- 3 year performance period with minimum carload requirement
- 15 year Commonwealth Interest Period

### Recommended Policy Changes



### **Recommended Changes Policy**

- Remove Capital Expenditure and require 30% match.
- Maximum grant still \$450,000
- Allow mainline switch as eligible reimbursement expense

# Recommended Policy Changes



### **Potential Impact**

- Small Project: qualifies for more funding
  - Rail Cost: \$200,000
  - Current Policy: \$30,000
  - Option A: \$140,000
- Larger Project: qualifies for more funding
  - Rail Cost: \$500,000 (\$1.5M Cap Ex)
  - Current Policy: \$225,000
  - Option A: \$350,000

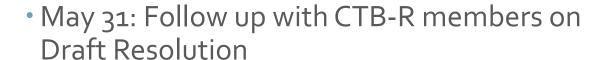
### Recommended Policy Changes



# Retain 2015 Performance Policy with a clawback provision on performance.

- Current Policy:
  - 3 year carload reporting period
  - Director can approve three additional years
  - Grantee must meet a minimum threshold within 3-6 years or repay grant funds.
  - 15-year Commonwealth Interest Period in the rail

## Next Steps



June CTB-R: Discuss Draft Resolution

July CTB: Present Resolution for Action





# **QUESTIONS?**