



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Shannon Valentine  
Chairperson

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*Agenda item # 19*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**September 15, 2021**

#### **MOTION**

**Made By:** Ms. Hynes **Seconded By:** Mr. Johnsen  
**Action:** Motion carried, unanimously

#### **Title: DRPT FREIGHT Rail Grant Program Guidance**

**WHEREAS**, the 2020 Omnibus Transportation Funding Legislation created the new Commonwealth Rail Fund (CRF); and

**WHEREAS**, the Department of Rail and Public Transportation (DRPT) is responsible for managing 7% of the CRF for the purpose of statewide rail planning and freight railroad grant programs including the existing Rail Preservation program and a new freight rail enhancement program; and

**WHEREAS**, guidance documentation has been created for the distribution and administration of the CRF as it relates to freight rail enhancement; and

**WHEREAS**, the new funding program is known as the Freight Rail Enhancement to Increase Goods and Highway Throughput (FREIGHT) Program; and

**WHEREAS**, the attached guidance document lays out the policies and procedures for the new FREIGHT Program by which DRPT shall manage CRF funded FREIGHT projects;

**NOW THEREFORE, BE IT RESOLVED**, that the Board hereby approves the guidance documentation for the new FREIGHT Program.

#####

**CTB Decision Brief**  
**FREIGHT Grant Guidance**

**Summary:** The 2020 Omnibus Transportation legislation created the Commonwealth Rail Fund (CRF). A portion of the CRF is dedicated to DRPT for the management of Statewide Rail Planning and freight grant programs, including the existing Rail Preservation program and a new grant program focused on enhancing the freight rail network.

DRPT has presented draft guidance for the new FREIGHT grant program to both the CTB Rail Subcommittee, in June 2021, and the full Board during the July 2021 workshop session.

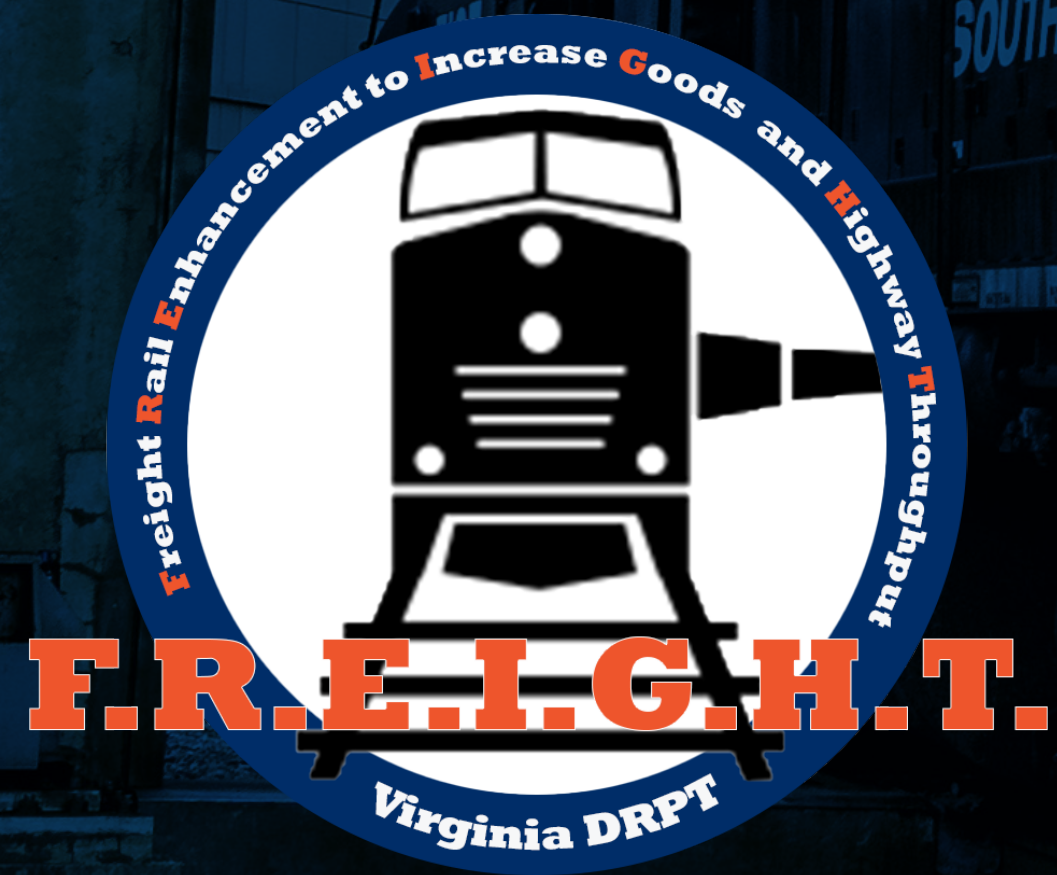
A more detailed guidance document has been attached to a resolution for approval.

**Recommendation:** DRPT recommends the Board approve the guidance document for the FREIGHT rail program.

**Action Required by CTB:** Board action on the resolution.

**Options:** Approve, Deny, or Defer

# DRPT FREIGHT RAIL GRANT FUNDING & PROCEDURES



# DRPT F.R.E.I.G.H.T. FUND



**FREIGHT RAIL ENHANCEMENT  
TO INCREASE GOODS AND  
HIGHWAY THROUGHPUT**

A funding program of the Virginia  
Department of Rail and Public  
Transportation.

**BENEFIT VIRGINIA HIGHWAYS**

**IMPROVE ECONOMY**

**INCREASE GOODS MOVEMENT**

## § 33.2-1526.4. Commonwealth Rail Fund

"... The remaining seven percent shall remain in the Fund for the Department of Rail and Public Transportation for planning purposes and for grants for rail projects not administered by the Virginia Passenger Rail Authority."

### **SUMMER:**

- ADOPT SYIP
- NOTIFY GRANTEEES
- REVIEW GUIDANCE

# RAIL GRANT CYCLE

### **SPRING:**

- RECOMMEND APPS
- DRAFT SYIP
- NOTIFY GRANTEEES

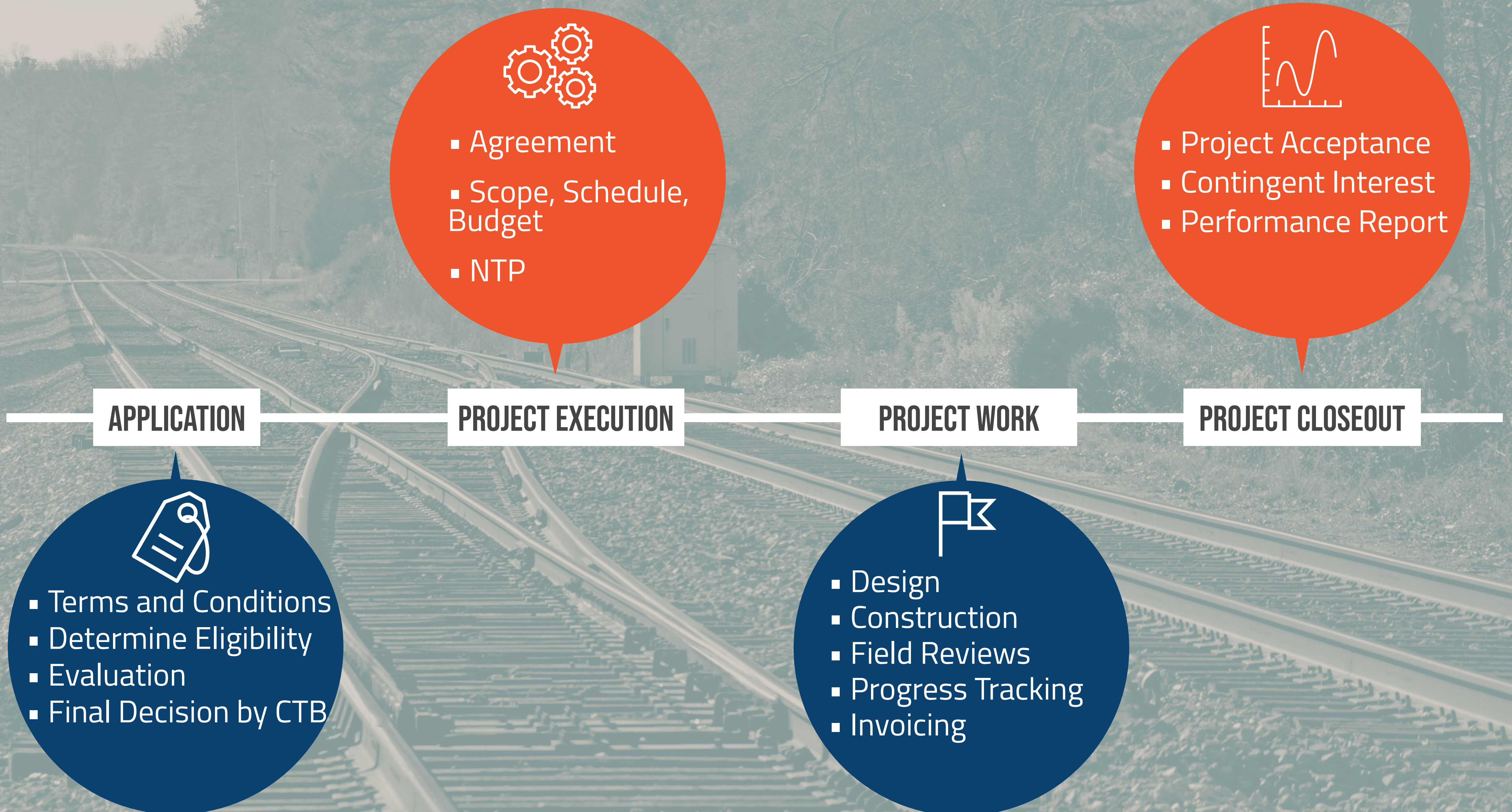
### **FALL:**

- UPDATE GUIDANCE
- NOTIFY GRANTEEES
- UPDATE ADMIN PROCESS

### **WINTER:**

- OPEN APP. PORTAL
- NOTIFY GRANTEEES
- REVIEW APPLICATIONS

# PROGRAM PROCESS



# APPLICATION PROCESS

## INITIATION

DRPT prepares announcements of the application period and requests applications. Information is also posted on the DRPT website. Applicants must submit applications within the advertisement period as identified by DRPT. The application must include comprehensive information; allowing DRPT to appropriately evaluate the application and understand the project impacts and benefits.

Applications are submitted via the Online Grant Application (OLGA) system, located at: <https://olga.drpt.virginia.gov>.

The OLGA website includes instructions for establishing an account and backs up each application electronically.

## EVALUATION

Using the OLGA system, the DRPT Project Manager applies two levels of review to evaluate each application. The first level, includes an evaluation of the application eligibility and completeness. During the first level of review, the DRPT project manager will request additional information from the applicant, if needed.

The second level of review includes a scoring evaluation using the criteria outlined below.

## APPROVAL

Based on the application review, scoring evaluation, and funding availability, DRPT develops recommendations for the CTB. The CTB will approve and allocate funds to specific projects into the Six Year Improvement Plan (SYIP). Once CTB has made selections, DRPT:

- Sends notification to the Applicants of CTB's decision
- Notifies the public of approved projects
- Posts approved projects on DRPT website

# ELIGIBILITY



ALIGN WITH STATE GOALS



NETWORK CAPACITY EXPANSION



MINIMUM OF 30% DESIGN COMPLETE

## Eligible Projects



Improvements to:

- Railways
- Railroad equipment
- Rolling stock
- Rights-of-way
- Rail facilities
- Engineering and design
- Environmental
- 30% Design Complete

## Eligible Recipients



- Freight rail operators
- Virginia Port Authority
- Local and Regional governments
- Non-profit organizations
- Private companies
- Any combination thereof

## Not Eligible



- Railroad operating expenses
- Passenger rail subsidies
- Passenger rail capacity expansion
- Equipment to handle, store, process, load or unload goods

\*\*The Applicant must, at a minimum, provide Design and Construction in accordance with the American Railway Engineer and Maintenance of Way Association (AREMA). Design and construction criteria may go beyond AREMA standards to meet any agreed upon basis of design and Grantee established standards which are compliant with FRA Track Safety Standards. The applicant also must provide or have provided continuous maintenance of the completed project.



# SCORING

All grant applications must meet the minimum threshold of eligibility.

## POINT VALUES

BENEFIT-COST ANALYSIS

7

MATCHING FUNDS

6

PROJECT READINESS

4

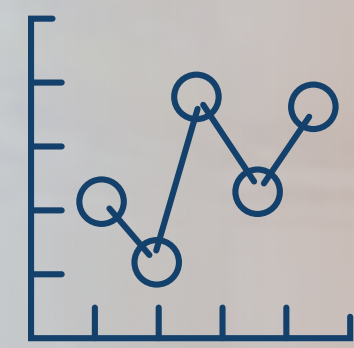
STATEWIDE GOALS

3

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TOTAL

20



### BENEFIT-COST ANALYSIS

- 3 points = BCA score below 50th percentile of applications
- 6 points = BCA score 50th percentile, or above
- 7 points = project with highest BCA score



### MATCHING FUNDS

- 2 points = 30% match
- 3 points = 40% match
- 6 points = 50% match



### PROJECT READINESS

- 2 points = 60% design complete
- 4 points = 90% design complete



### STATEWIDE GOAL ALIGNMENT

- 1 point awarded for each goal met in Statewide Rail Plan (up to 3 points).

# GRANT MANAGEMENT



## AGREEMENTS

Once a project has been approved and funded, an agreement is executed, which allows the grantee to further develop a detailed scope, schedule, and budget.



## NOTICE TO PROCEED

The scope, schedule, and budget is used to request a notice to proceed for construction. DRPT must issue a notice to proceed before construction activities commence.



## DRPT OVERSIGHT

DRPT will conduct routine site visits and gather progress reporting as the project moves forward. The grantee is responsible for project management duties.



## REIMBURSEMENT

The FREIGHT program is reimbursement based, meaning the grantee spends money up front and is reimbursed once an appropriately documented invoice is submitted.



## CONTINGENT INTEREST

The Commonwealth will hold an interest in the improvements to ensure the infrastructure remains in service. Recommended length of interest is 6 years, or longer as determined by BCA.



## REPORTING

Grantee will be responsible for reporting annual carload information, to track the impact of investment over time; recommended length of reporting is 6 years, or longer as determined by BCA.

# PROJECT CONTRACTING

Contracting is a two step process, where an agreement is written to obligate funding to the grantee, and after further development of a project scope, schedule and budget, the notice to proceed authorizes project construction.



## AGREEMENTS

Grantee projects in the FREIGHT program are governed by two separate agreements. First, grantees sign a master terms and conditions agreement as part of the application submission process in OLGA. This master agreement includes common rules, procedures and requirements for all projects and grantees. Agreeing to the master agreement is required for application submission. The second agreement is drafted after the application has been approved by the CTB with the adoption of the SYIP. This agreement is drafted in coordination with the grantee and includes project specific details, and can be catered to the individual needs of the project.



## NOTICE TO PROCEED

The execution of the Agreement serves as an initial, but limited, NTP by DRPT for the work associated with any initial planning to further refine the scope, schedule and budget. The grantee may conduct any stakeholder outreach, environmental planning and/or design and engineering in order to complete a detailed scope, schedule, and budget for construction. Once developed, the grantee will submit a NTP request via OLGA, including submission of the scope, schedule and budget for DRPT review and approval.

Upon approval of the NTP, the grantee is then authorized to proceed with construction.

# PROJECT MANAGEMENT

Project management is the responsibility of the grantee, and all grant expenses will be reimbursement based.



## DRPT OVERSIGHT

DRPT maintains a project oversight role in grant projects, and expects the grantee to actively serve as project manager. DRPT will conduct site visits periodically throughout construction to monitor progress, ensure invoices received are covered by work completed in the field, and discuss any foreseeable risks with the site manager. The grantee is required to submit a project progress report with every invoice, detailing the project status, indicating whether the project is on-schedule and on-budget, and identifying any potential risks to either budget or schedule.



## REIMBURSEMENT

Using the Grants Management system in OLGA, the Grantee will create and submit a new reimbursement request. The Grantee is responsible for choosing the correct project to invoice against, noting the correct invoice amount, and attaching supporting documentation prior to invoice submission. DRPT will review the invoice documentation to ensure charges are appropriate for project work, Virginia travel guidelines have been followed, timesheets for labor, and receipts for direct expenses have been included. If the reimbursement request is accurate and properly documented, DRPT will approve and pay the invoice according to the Virginia 30-day prompt pay guidance.

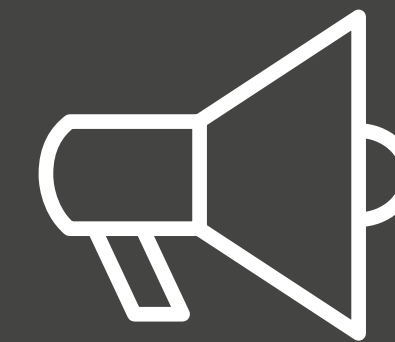
# PROJECT COMPLETION

Upon project completion, the grantee has two primary responsibilities, maintaining the infrastructure for active service and continually reporting network activity.



## CONTINGENT INTEREST

The Grantee must complete the project according to the approved scope, schedule, budget and agreement. Upon project completion, Grantee has 90 days to submit the final invoice to DRPT. DRPT performs a final site review and processes final payment. Grantee is required to maintain and make available all documentation regarding project cost for a period of three years from the date of final payment from DRPT. DRPT retains an ownership interest in the materials of the project for a period of 6 years, or longer as determined by the BCA results. Any change, sale or transfer of the project improvements must be approved by DRPT, per the terms of the signed agreement.



## REPORTING

Upon completion of the project, the grantee is required to report their annual network activity, i.e. number of rail carloads per year. This enables DRPT to better understand the benefits of investing in the freight rail network, and evaluate future project applications from the grantee. Project reporting requirements exist for a period of 6 years after project completion, or longer as determined by the BCA results.



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