



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

W. Sheppard Miller, III  
Chairperson

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*Agenda item # 14*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

July 20, 2022

#### MOTION

**Made By:** Mr. Fowlkes **Seconded By:** Mr. Merrill  
**Action:** Motion carried, unanimously

#### **Title: Rail Industrial Access – Smyth County Economic Development Authority**

**WHEREAS**, funding is provided by the General Assembly for Industrial, Airport, and Rail Access projects (RIA); 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**, Smyth County Economic Development Authority has submitted an application for RIA grant funds in the amount of \$450,000 toward construction of 770 feet of track to serve a facility in the County of Smyth; and

**WHEREAS**, the Department of Rail and Public Transportation (DRPT) has evaluated the project in accordance with the Board's RIA policy and, because the project scores 53 points, has recommended approval of the project; and

**WHEREAS**, the County of Smyth, Virginia has, by resolution dated May 11, 2022, shown support for the application of up to \$450,000 in RIA funds for assistance in expanding track facilities to serve the Scholle IPN facility located in the County of Smyth; and

**WHEREAS**, Norfolk Southern Railway Company, by letter dated April 20, 2021, 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 \$450,000 of the RIA Fund be provided to construct approximately 770 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 \$450,000 RIA grant must be borne by Smyth County Economic Development Authority or sources other than those administered by DRPT.
3. Execution of an agreement acceptable to the Director of DRPT.
4. Execution of a contractual commitment by Smyth County Economic Development Authority to maintain the track and make repayment of any costs related to the future relocation or removal of such track and facilities, in form acceptable to the Director of DRPT.

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**CTB Decision Brief**  
**Rail Industrial Access Applicant**  
**Location: Smyth County, Virginia**  
**Smyth County Economic Development Authority**

**Summary:** Smyth County Economic Development Authority (Smyth EDA) applied for Rail Industrial Access grant funds in support of its industrial park resident Scholle IPN Corporation (Scholle). Scholle designs and manufactures packaging solutions and products for food and beverages predominantly in the U.S. market in the County of Smyth, Virginia. Smyth EDA submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 to construct a new rail spur at the Scholle facility.

This project is part of Scholle's expansion initiative to receive resins via rail and produce its own plastic film used in packaging. Scholle's Smyth County, Virginia location was chosen for expansion over two other locations due to the availability of skilled labor and the incentive package offered by Virginia. The construction of the industrial sidetrack is critical to Scholle's expansion for capacity and will add an additional 75 employees. DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 53 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.

- The Applicant plans 215 rail carloads annually.
- The minimum threshold for carloads is 101 carloads annually.
- The Applicant committed to 75 new jobs.
- The Applicant's new 770 foot rail siding will remove approximately 731 trucks from Virginia highways per year.
- Railcar versus truckload ratio for this project is approximately 17% shipping by rail of inbound raw material.
- Total Capital Investment in the expanded facility is estimated at \$31M.
- Total railroad track construction cost is estimated at \$726,500.
- Applicant is responsible for minimum 30% match toward rail costs.
- There will be a claw-back provision in the grant agreement for failure to meet performance requirements based on the CTB adopted program performance policies.

**Source of State Funds:** FY 2023 Industrial, Airport, and Rail Access Fund

**Recommendation:** In accordance with the CTB Rail Industrial Access policy, DRPT recommends the Board approve the project.

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

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