



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

1401 East Broad Street
Richmond, Virginia 23219

(804) 482-5818
Fax: (804) 786-2940

Agenda item # 1

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

January 17, 2023

MOTION

Made By: Mr. Merrill, **Seconded By:** Mr Laird

Action: Motion Carried, Unanimously

Title: Rail Industrial Access – Hershey Chocolate of Virginia, Inc.

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, Hershey Chocolate of Virginia, Inc. has submitted an application for RIA grant funds in the amount of \$450,000 toward construction of approximately 4,750 feet of track to serve its facility in the County of Augusta, Virginia (Project); and

WHEREAS, the Department of Rail and Public Transportation (DRPT) has evaluated the Project in accordance with the Commonwealth Transportation Board's (Board) Rail Industrial Access (RIA) Policy and, because the Project scores 58 points, has recommended its approval; and

WHEREAS, the County of Augusta, Virginia has, by resolution dated October 26, 2022, shown support for the application of up to \$450,000 in RIA funds for assistance in expanding track facilities to serve the Hershey Chocolate of Virginia, Inc. facility located in the County of Augusta; and

WHEREAS, Norfolk Southern Railway Company, by letter dated November 1, 2022, 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 of the *Code of Virginia*, 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 4,750 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 Hershey Chocolate of Virginia, Inc. or sources other than those administered by DRPT;
3. Execution of an agreement acceptable to the Director of DRPT; and
4. Execution of a contractual commitment by Hershey Chocolate of Virginia, Inc. 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.

#####

CTB Decision Brief
Rail Industrial Access Applicant
Location: County of Augusta, Virginia
Hershey Chocolate of Virginia, Inc

Summary: Hershey Chocolate of Virginia, Inc. has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 to construct a new rail spur at its County of Augusta facility. Hershey Chocolate is an industry-leading snacks company which has more than 80 brands including Hershey's, Reese's, Kit Kat, SkinnyPop, and Jolly Rancher. The spur will be used for incoming raw material from the Midwest and the Southern United States.

DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 58 points. Projects must reach a 50-point threshold to receive a recommendation by DRPT staff. For this project:

- The Applicant plans 145 new rail cars annually.
- The minimum threshold for carloads is 10 carloads annually.
- The Applicant commits to 111 new jobs.
- The Applicant's new 4750-foot rail spur will divert approximately 1,434 new trucks from Virginia highways per year in addition to the 3,995 existing trucks already diverted.
- The total capital investment in the facility is estimated at \$140M.
- The total railroad track construction cost is estimated at \$5M.
- The 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