



## COMMONWEALTH of VIRGINIA

### Commonwealth Transportation Board

W. Sheppard Miller, III  
Chairperson

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*Agenda item # 6*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

January 14, 2025

#### MOTION

Made By: Mr. Stant, Seconded By: Mr. Coleman

Action: Motion Carried, Unanimously

Title: Rail Industrial Access –  
SIMS Metal Southeast LLC, Chesapeake

**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**, SIMS Metal Southeast LLC submitted an application for RIA grant funds in the amount of \$750,000 to construct a 410-foot spur with in-track scale to serve its facility in the City of Chesapeake, Virginia (Project); and

**WHEREAS**, the Department of Rail and Public Transportation (DRPT) evaluated the Project in accordance with the Commonwealth Transportation Board's (Board) Rail Industrial Access Policy and, because the Project scored 50 or more points, has recommended its approval; and

**WHEREAS**, the City of Chesapeake, Virginia has, by resolution dated September 10, 2024, shown support for the application for RIA funds by SIMS Metal Southeast LLC for use at its facility located in the City of Chesapeake; and

**WHEREAS**, Norfolk and Portsmouth Belt Line Railroad, by letter dated October 10, 2024, has indicated its support for the SIMS Metal Southeast LLC 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 \$750,000 of the RIA Fund be provided to SIMS Metal Southeast LLC to construct a 410-foot spur with in-track scale 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 \$750,000 RIA grant must be borne by SIMS Metal Southeast LLC 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 SIMS Metal Southeast LLC 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: City of Chesapeake, Virginia**  
**SIMS Metal Southeast LLC**

**Summary:** SIMS Metal Southeast LLC is a metal recycler. Its operations encompass buying, processing, and selling recycled metal products. SIMS has five facilities located across Virginia. The Chesapeake facility is a full-service metal recycling facility equipped with state-of-the-art infrastructure, innovative manufacturing and recycling equipment and a robust logistics network. This Project will expand the facility's rail infrastructure in order to cost-effectively transport recycled metal products to domestic steel mills. They have submitted an application for Rail Industrial Access grant funds in the amount of \$750,000 to construct a new rail spur with in-track scale at their facility.

DRPT has evaluated the Project in accordance with the CTB's Rail Industrial Access Policy. The Project scores 72 points. Proposed projects must reach a 50-point threshold to receive a recommendation by DRPT staff. For this Project:

- The Applicant plans 570 new rail cars annually.
- The minimum threshold for carloads is 10 carloads annually.
- The Applicant commits to 2 new jobs.
- The Applicant's new 410-foot rail spur with in-track scale will divert approximately 1,938 trucks from Virginia highways per year.
- The total capital investment in the facility is estimated at \$1.396M.
- The total railroad track construction cost is estimated at \$1.396M.
- 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 2025 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