

CTB Rail Subcommittee Meeting Minutes
VDOT Central Office Training Room
1221 East Broad Street
Richmond, Virginia 23219
March 20, 2018

The Meeting began at 10:00 am

CTB Rail Subcommittee Members Present: Jennifer Mitchell, Scott Kasprovicz, Court Rosen, Mary Hughes-Hynes, and Stephen Johnsen.

DRPT Director Jennifer Mitchell introduced the agenda and said that the primary focus of the meeting would be the Rail Industrial Access program. She said that DRPT has received a lot of questions about the program itself. The program is small in terms of dollars but requires a lot of work and provides a lot of benefit to the Commonwealth. Before moving to the first agenda item Director Mitchell asked DRPT's Chief of Rail Michael McLaughlin if he had anything to share from the APTA legislative conference they attended. Director Mitchell started out by saying that it seems like the Federal Government's rail focus is on safety and PTC implementation. She said that the FRA shared that the mandate to implement PTC has been more complicated than they expected. She indicated that they seemed willing to provide waivers to those who would not be able to meet the requirements. Michael McLaughlin agreed with this, but said that he thinks that those asking for waivers may be met with some resistance. Scott Kasprovicz asked if Virginia is tracking how many railroads in the state are ready. Jennifer Mitchell said that yes that is being tracked. Some states, such as California are behind. Commuter Rail will continue to be an issue because they will not be able to operate on railroads that are out of compliance with Federal laws. Jennifer Mitchell also said that it is clear that there is not much capacity for a big Federal rail program. Stephen Johnsen asked if there had been money for this before. Jennifer Mitchell said that there had been with the ARRA and High Speed Rail Programs. Stephen Johnsen asked if WMATA would be in compliance with the PTC mandate and Jennifer and Michael McLaughlin said that WMATA has to comply with FTA requirements, not FRA requirements. Michael McLaughlin also said that the new FRA appointee Ron Batory had a lot of rail experience. CTB Rail Subcommittee members brought up the New York to New Jersey tunnel and said that the funding for this is coming out of rail and transit funds instead of highway funds even though it has national multimodal significance.

1. Renewal of CTB Policy on Rail Industrial Access Program/RIA Programs in Other States-Jeremy Latimer

Jeremy Latimer reminded the group that the last CTB resolution that they could find regarding the Rail Industrial Access program was from 1995. It is one of the smallest and oldest programs and receives 3 million in funding annually. Mary Hughes-Hynes asked if the balance on the account rolls over from year to year. Jennifer Mitchell and Jeremy Latimer said they did not know but that they would check. Mary Hughes-Hynes asked for DRPT to bring back information on the entire Economic Access fund so that the subcommittee can look at the whole program. Scott Kasprovicz said that he would like to see information on utilization of the program by region. He wanted to know how many sidings are still in operation and what percentage is retained at 15 years, when the state no longer has a contingent interest.

Jeremy Latimer discussed slide 10 which gave information on the active spurs on the short line railroads in Virginia. Scott Kasprovicz asked about the term spur and if that meant switch siding. Jeremy Latimer said that yes it did. He said each railway in Virginia has different characteristics. Scott Kasprovicz asked if any class 1 railroads had ever used the Rail Industrial Access program before and Jeremy Latimer said that CSX has utilized the program before. Scott Kasprovicz asked if there is a way to rehabilitate spurs that are out located near businesses along industrial accesses. He thinks rehabilitating those would be the most efficient use of state dollars.

Court Rosen asked what would be a legitimate reason not to factor car count into this program, if the car count is discouraging applicants from applying. Jeremy Latimer said that a sites business plan may not completely pan out and then they can't meet the car load requirement and have to deal with claw back. Scott Kasprovicz said that maybe we tightened the restrictions for the program too much and have made the requirements too difficult to meet. Jeremy Latimer said that DRPT has worked on coordinating better with VEDP and the railroads. VEDP has been called out to several sites to entice businesses.

Next steps for the resolution are discussed. Jeremy Latimer said that he knew the rail subcommittee members needed time to digest what they had heard. Scott Kasprovicz asked if DRPT can work to add in those companies that need reactivation to use a rail spur near an industrial site. Jeremy Latimer said that it would be difficult but that DRPT can rehabilitate spurs. Scott Kasprovicz asked that a simple letter be sent out to short lines requesting information on existing spurs that could be rehabilitated. He asked DRPT to report back on their findings at the June subcommittee meeting.

Jennifer Mitchell said that DRPT often has to face questions about this program, particularly why the state gives money to private companies. She said that the General Assembly has charged DRPT with managing this program. There have been questions about whether or not all economic development programs should be consolidated under

VEDP. Right now DRPT is working on improved coordination with VEDP. Consolidation would require a legislative change. Court Rosen mentioned that CTB member Marty Williams generally has an issue with this program because it is state money going to a private company. Jennifer Mitchell said that this is a good opportunity to change this program and revisit the capital expenditure and claw back requirements.

2. Presentation of Seagate Terminals RIA application-Jeremy Latimer

Jeremy Latimer discussed this application and said that the serving shortline, Norfolk and Portsmouth Belt Line Railroad, is owned by CSX and Norfolk Southern. Seagate is currently a barge to truck operation and that the expansion will build rail capacity. Scott Kasprowicz asked what the proposed ratio of rail to truck is at this site. He also asked if we now ask for this information in applications. Jeremy Latimer replied that we do ask for the information up front. John Malbon, the Hampton Roads CTB member, joined the subcommittee and said that he had visited this site since it was in his district. He said that this is a new customer who can accept freight by rail. John Malbon asked about the metrics of the carload and how many trucks a carload took off of a highway. Linda Balderson from DRPT said every carload takes 3.4 trucks off of the highway system. John Malbon said that rail in this case is much more efficient and that the Commonwealth should be more aggressive. Scott Kasprowicz agreed and said that we should at least be spending what we have. Mary Hynes said that the number of trucks taken off of a highway is not calculated in the public benefits number on the application, just the number of new carloads.

3. Presentation of Nestle-Purina on Buckingham Branch RR RIA Application-Jeremy Latimer

Jeremy Latimer said that this opportunity would allow clay to be put on rail to an industrial site where the finished product would ultimately be trucked out. Scott Kasprowicz asked if there was a closer yard than Buckingham Branch. Jeremy Latimer said that it was the nearest yard set up to do it. They looked at the cost to build a spur but it was too expensive.

Jennifer Mitchell told subcommittee members that these applications will be reviewed in the workshop meeting. John Malbon asked how many criteria went into the scores and if any were weighted. DRPT staff responded that there are 8 criteria and that 20% of the score is attributed to the number of carloads, and 20% is attributed to the employment benefit.

Prior to the next meeting Jeremy Latimer will send out recommendations for changes to the CTB resolution. He asked that comments from members be received by the beginning of April so that they can be incorporated. Michael McLaughlin will send information electronically with dates and will send the project scoring sheets.

4. Public Comment-No one was signed up for public comment. The meeting adjourned at 9:50 am.