

# Rail Enhancement Fund

## Application Procedures

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## Program Overview

Under §33.2-1601 of the Code of Virginia, the General Assembly declared it to be in the public interest that the preservation and development of railway transportation facilities are important elements of a balanced transportation system in the Commonwealth. It further declares “it to be in the public interest that the retention, maintenance, improvement and development of the railways are essential to the Commonwealth’s continued economic growth, vitality, and competitiveness in national and world markets. There is hereby created in the state treasury a special non-reverting fund to be known as the Rail Enhancement Fund which shall be considered a special fund within the Transportation Trust Funds, hereafter referred to as ‘the Fund.’”

The Code states that the Director of the Department of Rail and Public Transportation (DRPT) “shall administer and expend or commit, subject to the approval of the Commonwealth Transportation Board, the Fund for acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way or facilities, or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way or facilities, for freight and/or passenger rail transportation purposes whenever the Board shall have determined that such acquisition, lease, and/or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole.”

The Code further states that “Projects undertaken pursuant to this section shall be limited to those the Commonwealth Transportation Board shall have determined will result in public benefits to the Commonwealth or to a region of the Commonwealth that are equal to or greater than the investment of funds under this section. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources.”

This document describes the policies and procedures applicable to the consideration of requests for expenditures from the Rail Enhancement Fund.

## Recent Program Developments

In HB 1887, the 2015 General Assembly directed the Commonwealth Transportation Board to “develop no later than December 1, 2015, a legislative proposal to revise the public benefit requirements of the Rail Enhancement Fund...”

Section 427 of the Appropriations Act that same year directed the Secretary of Transportation and the Department of Rail and Public Transportation (DRPT) to summarize previous Rail Enhancement Fund allocations, expenditures and transfers, as well as the long-term needs of the Rail Enhancement Fund. In addition, the General Assembly directed a more expansive review of all rail programs to “include the amounts of funds allocated to rail freight projects, the amounts allocated to rail passenger projects, and the outstanding commitments to each type of project by year. Also included in this review shall be an accounting of any funds transferred in or out of the fund for other purposes, and additional funds made available, by year, for rail projects in the Commonwealth. The review shall include the uses of any funding deposited into the Intercity Passenger Rail Operating and Capital Fund, and the source of such

funds. Finally, the review shall assess outstanding needs for rail improvement projects and any modifications to the Commonwealth’s rail programs that would help better address those needs.”

The Commonwealth Transportation Board, through its Rail Subcommittee, expanded the study to include an equivalent consideration of program policy goals for both the Rail Enhancement Fund (REF) and the Rail Preservation Fund (RPF). The Department of Rail and Public Transportation, in conjunction with the Rail Subcommittee and an open process of stakeholder engagement, is conducting administrative improvements to simplify the grant process and to enhance overall transparency and accountability of the Rail Enhancement Fund activities.

As a result, DRPT addresses the above issues in four ways:

- Review and analysis of the REF legislative and policy goals, including a proposed prioritization process to use in allocating increasingly scarce Rail Enhancement funds
- Review and analysis of all DRPT rail program expenditures—REF, RPF, Intercity Passenger Rail Operating and Capital Fund (IPROC), Rail Industrial Access (RIA) program, Federal Railroad Administration’s High Speed Intercity Passenger Rail program, and the Virginia Transportation Act of 2000 (VTA)
- Legislative and policy recommendations for REF and RPF
- Establishing a process for updates and enhancements to the REF benefit-cost model and its associated administrative procedures

## **Application Procedures and Guidelines**

As a result of this ongoing analysis and revision of the REF program, each application received for fiscal year 2017 will be reviewed in two ways. Each application will be reviewed and evaluated based on the updated ‘Rail Enhancement Fund 2015 Policy Goals’ as adopted by the CTB on October 26, 2015. Each application will also be reviewed and evaluated based on the existing program policies and procedures, most recently updated in January 2013. (A link to both of these documents have been included on the OLGA website, under the rail enhancement fund on the news and information page).

DRPT will review and evaluate each application based on both sets of guidelines in order to compare and contrast the results of each evaluation methodology in the hope that this comparison will further assist with the development of new program guidelines and benefit-cost evaluation methodology.

DRPT will provide a list of recommended projects to the CTB based on both methodologies and, as previously, the CTB will have the final determination for which projects are included in the Six-Year Program.