FREIGHT RAILROAD INFRASTRUCTURE IMPROVEMENT PROGRAM

Intermodal Facility Grants and Loans

2020 – Summary

Due Date	February 3, 2020 (first round)
Eligible Applicants	County, Municipality, Town or Agency, Railroad, current or potential users of freight railroad service, rail transit commission
Eligible Projects/Studies (2 Separate Program Tracks)	Freight rail improvements such as track, pavement of laydown areas, feasibility, outreach and planning studies (Business plans required), environmental permitting, engineering, and design, trackside warehousing, cross dock facilities, weather protection, network improvement, double stack clearance, track and bridge upgrades.
Grant project funding maximum	$1.5 million available over two years, $375,000 per project, $200,000 per study.
Match requirement	20% from project partners (rail operator, anchor tenant, shipper or public sector partner)
Benefit Cost	Provide description of elements
Environmental and Economic Enhancements	Identify benefits
Wisconsin Containers	Identify forecast volume
Access to Warehouse Space	Identify access to warehouse
Project Selection Criteria	
Transportation Efficiency Benefit/Cost Ratio	
Wisconsin Containers	Points awarded between 5,000-25,000 units/yr
Category of Line	See Translinks 21 November 1994
Prior Beneficiary of Assistance	Points awarded to new applications
Route Stabilization	See calculation
Environmental Benefits	Congestion reduction, reduce fuel consumption, reduce air and water pollutants, improve safety
Economic Enhancement	Job creation, industrial park service, new business attraction, economic competitiveness

FREIGHT RAILROAD INFRASTRUCTURE IMPROVEMENT PROGRAM

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PART I - APPLICATION INSTRUCTIONS

2020

SECTION 1.0 INTRODUCTION

The Freight Railroad Infrastructure Improvement Program (FRIIP)-Intermodal application document is comprised of two parts. Part I explains the information needed for applying for financial assistance under the program. Part II describes the process used by the department to rate and rank proposed projects and studies for funding, and to determine the amount and terms for assistance (Note: Section 1 of Part II is intended to assist evaluation of applications for project funding and will not be used to evaluate applications for study funding). Part II also contains a description of several obligations imposed by the acceptance of assistance. It is recommended that a potential applicant review both Part I and Part II prior to initiating the application process.

FRIIP-Intermodal grant and loan funding for the same project may be requested within the same application.

SECTION 2.0 ELIGIBLE APPLICANTS

Under statutory authority (s.85.08(4m)(b)1), an eligible applicant must be a county, municipality, town or agency thereof, a railroad, a current or potential user of freight railroad service, or a transit commission organized under s. 59.58 (3), s. 66.0301, or s. 66.1021.

SECTION 3.0 ELIGIBLE PROJECTS AND STUDIES

An eligible project or study is one that would assist intermodal freight movement and facilitate Wisconsin industry access to the national railroad system. Intermodal transport is the movement of cargo in shipping containers or trailers by more than one mode of transportation.

3.1 Ineligible Projects/Work Activities

The Railroads and Harbors Section will examine proposed projects and studies in their entirety and may reject funding for components of projects or studies that do not directly support the use of rail infrastructure for intermodal transport. Examples of project line items that are ineligible for funding:

- Purchase of land
- Utility service hook-up
- Public road construction
- Office construction
- Non-fixed equipment or equipment not directly related to intermodal rail service

3.2 Eligible Projects/Work Activities

Examples of projects and work activities that could be eligible for funding:

- Facility track
- Paving for driveways and laydown areas
- Feasibility, outreach and planning studies (business plans required)
- Environmental permitting, engineering and design
- Trackside warehousing, crossdock facilities and weather protection
- Network improvement, such as double-stack clearance and track and bridge upgrades

SECTION 4.0 APPLICATION CONTENT AND PROCESS

SUB 4.1 PROJECT PROPOSAL FILING

The initial step in applying for assistance is the filing of a written project proposal with the Railroads and Harbors Section (RHS) addressed as follows:

U.S. Mail
Chief, Railroads & Harbors Section
WisDOT
4822 Madison Yards Way, 6th Floor South
P.O. Box 7913
Madison, WI 53707-7913

Delivery Service
Chief, Railroads & Harbors Section
WisDOT
4822 Madison Yards Way,
6th Floor South
Madison, WI 53705

The proposal should contain the information listed in 4.1.1 through 4.1.7 below in a format of applicant's choice. Please submit your applications for funding no later than February 3, 2020.

4.1.1 Identification of Parties and Projects

(a) Name and address of applicant, working contact name, address and telephone number.

(b) Name of the railroad party to the project and the address and telephone number of a railroad company contact person.

(c) Name of the industry/shipper (if any) party to the project and the address and telephone number of a contact person.

(d) A narrative explanation/description of the proposed project including, but not limited to:

(1) Physical measurements. (Linear, area, etc.)

(2) Physical location. (Address, mileposts, street crossings, etc.)
(3) Major material specifications. (Weight of rail, type of ballast, grade of tie, etc.)
(4) Site plan of project design and location.
(5) Study scope
(6) Such other information as deemed useful by applicant for supporting and understanding the project concept and purpose.

(e) A narrative explanation/description of the alternative to be pursued should the assistance not be awarded and the consequences thereof (postpone, abandon, reduce service by x amount, forego x amount of revenue or cost savings, etc.). Please include objective measures such as numbers, dates, quantities, etc.

4.1.2 Estimate of Project/Study Cost and Performance Method

(a) A line item breakout of estimated direct project costs at least to the level of materials, labor, equipment for force account work and by principal task for contract work, i.e. tie installation, rail replacement, grading, signal work, new track construction per lineal foot, and lump sum figures for conveyors, bins, etc. (In order to improve the coverage of limited program resources, indirect costs such as administration and overhead and profit on force account work are not eligible for assistance.)

(b) A description of, and brief rationale for, the method or methods proposed for accomplishing major project or study work tasks.

4.1.3 Proposed Project/Study Financing

(a) Identify the dollar amount of assistance being requested. Note that grant assistance is generally limited to no more than $375,000. Grant assistance for studies is limited to $200,000 each. Applicant may increase total project cost at its own expense.

See Part II, Section 2.0 for an explanation of how the form of assistance is determined.

(b) Note whether FRIIP loan funding is also requested (for projects only).

(c) Non-state match funding should comprise no less than 20 percent of the total project or study cost. Identify the manner in which the non-state assistance portion of project costs will be provided. It is recommended that match contributions be made by the proposed railroad operator, anchor tenant or shipper, and public sector partner.

4.1.4 Intended Benefit and Cost Items

Provide a list or description of the type or category of benefits and costs assumed by applicant to be associated with this project. It is not necessary to provide quantified measures of these benefits and costs at this time. Quantification matters will be determined during the application conference(s). Section 4.2.1(b) includes a partial list of possible measures.

4.1.5 Intended Environmental and Economic Enhancement Items

Provide a list or description of any environmental or economic enhancement outcomes projected by the applicant to result from the project if the project is to be evaluated on these two criteria. It is not necessary to provide quantified measures of these outcomes at this time. Quantification matters will be determined during the application conference(s).

4.1.6 Wisconsin Containers

Provide the number of the "Wisconsin containers" attributable to the proposed project. See Part II, Section 1.2.2 for the definition of and methodology for determining the number of Wisconsin containers to report.

4.1.7 Access to Warehouse Space

Describe the proposed facility's access to dry and temperature-controlled warehouse space.

SUB 4.2 APPLICATION CONFERENCE

Within 45 days following the submittal deadline, RHS staff will arrange and hold a conference (in person or by telephone) with the applicant and any other entities party to the project to review the application and determine the requirements for additional data submittal to complete the application process.

4.2.1 Data for Transportation Efficiency Analysis (for construction projects only)

(a) The most influential criterion in determining project qualification and rank is the ratio of transportation efficiency benefit to project cost. The application conference will establish the appropriate data to be submitted for RHS to calculate this ratio.

(b) The following list is representative but not necessarily exhaustive of the type of data that may be required:

(1) The general question is what amount of quantifiable change

expressed in dollars will result in these areas from accomplishing the project?

- Drayage costs
- Toll costs
- Distance to railhead
- Liner service connections
- Other intermodal-specific costs
- Demurrage/access charges
- Freight rate/unit
- M-O-W and M-O-E costs
- Number of twenty-foot equivalent units (TEUs) for overseas trade or 53' trailer equivalents for North American trade
- Product/lading shrinkage
- Lading handling costs
- Increased Net Income

(2) Other statistical information pertinent to this analysis.

- Project impact on market penetration (intermodal, JIT, customer territory, service frequency).

- Average car capacity in same units used in freight rates above.

4.2.2 Data for Analysis of Environmental and Economic Enhancements

(a) One criterion for project qualification and ranking considers environmental enhancements resulting from the project. Should such enhancements be attributed by applicant to the project, the applicant is to identify them in the proposal and will be required to provide supplementary supporting data and analysis applicable specifically to the project.

(b) Another criterion for project qualification and ranking is economic enhancement resulting from the project. Attribution by the applicant of such enhancements to the project should be identified in the proposal and will require submittal of supporting data and/or analysis by the applicant.

SUB 4.3 QUALIFICATION AND RANKING DATA FILING

4.3.1 On or before 4:00 p.m. March 31, 2020, the data required for project qualification and ranking determined through the application conference or conferences shall be filed by the applicant with RHS.

4.3.2 Within approximately three months of the date of your application, your project proposal will be reviewed for qualification, and qualified proposals will be ranked for funding priority. (See Part II, Section 1.2 for qualification and ranking criteria and scoring procedures.) All applicants will be

informed of their project proposal's ranking. Those project proposals ranking highest and which are fundable within the resources available are designated as candidate projects and will continue with the application process.

SECTION 5.0 ASSISTANCE AWARD PROCESS

SUB 5.1 APPLICANT ACCEPTANCE

Within ten working days of the offer of an assistance award, applicant shall in writing accept or reject the award.

SUB 5.2 AGREEMENT NEGOTIATION EXECUTION

Upon applicant acceptance of the assistance award, negotiations between the responsible parties and RHS begin. Within 60 calendar days of the acceptance of the assistance award, an assistance agreement is executed among the parties and the assistance award is final. Unless otherwise agreed by RHS, the offer of an assistance award expires and is withdrawn if an assistance agreement is not executed within 60 days of the award acceptance by the applicant.

SUB 5.3 ENVIRONMENTAL REVIEW

The satisfaction of all environmental reviews and permits as may be required are the responsibility of the applicant and must be completed prior to the execution of the Assistance Agreement.

Applicants will be required to submit copies of all environmental reviews and permits completed for other agencies. If no environmental review or permit is required by another agency, the applicant shall submit the appropriate Wisconsin Department of Transportation environmental document.

SUB 5.4 Submission of Audited Financial Statements

Applicants must submit a copy of their most recent audited financial statements for WisDOT review.

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PART II - PROJECT SELECTION & ASSISTANCE FORMATTING PROCEDURES

(Section 1 applies only to applications for construction projects. Applicants for study funding should skip to Section 2.)

SECTION 1.0 PROJECT SELECTION

SUB 1.1 PROJECT SELECTION POLICIES

1.1.1 **Purpose of Qualification and Ranking:** The department has determined that proposed projects must generate improvements in transportation efficiency and may also generate broader public benefit. In order to evaluate proposed projects, ten criteria are used. Proposed projects are rated on each criterion. The rating system generates a point score for the purpose of establishing project qualification for funding and the rank of individual proposed projects from most to least points scored.

1.1.2 **Use of Qualification and Ranking:** A score of 30 points or greater is required for a proposed project to qualify for assistance. This threshold score is attainable by a project exhibiting a transportation efficiency ratio of 1.0 or by a project with a somewhat lesser ratio but scoring points on other criteria. Qualified projects are then ranked by total point score. The rankings are subsequently used to determine which applicants receive offers of assistance. Offers are made to applicants in rank order until program resources are no longer able to cover estimated project costs.

1.1.3 **Relation of Rank to Funding:** The rank of a project determines two things. First, is it a project for which project assistance is justified (qualification score of 30 or more)? Second, if qualified, what priority does the project have over qualified competing projects for funding? The ranking process has no influence on the format of the assistance award package offered.

It is possible for a project to be funded outside of rank order. If a lower ranking project is able to be funded within remaining resource limits while a higher-ranking project would exceed those limits, the lower-ranked project may be funded if the applicant for the higher-ranking project is unable to accept only the portion of its request able to be funded within resource limits.

1.1.4 **Late Selection:** In the event circumstances develop which indicate limits on resources change (an assistance agreement not executed, a project requires a lesser amount of assistance than expected, etc.), RHS may, at its sole option, issue an assistance offer to the next highest ranked,

unfunded project able to accept the offer any time prior to the next date for receiving project proposals or hold the unused assistance amount for the next round of proposals.

1.1.5 **Selection Between Projects with the Same Total Points:** If two or more qualified projects attain the identical ranking score, the tie between projects will be broken by using the following criteria. The tie-breaking will proceed through the criteria until the projects no longer have the same result:

1. Project with highest raw benefit/cost ratio.
2. Applicant who has received the least amount of funding in the current fiscal year.
3. Applicant who has received the least amount of funding in the past three fiscal years.
4. Applicant who has the fewest number of completed projects with final bills outstanding.

SUB 1.2 PROJECT SELECTION CRITERIA

1.2.1 **Transportation Efficiency Benefit/Cost Ratio**

a) **Purpose**: The purpose of this criterion is to afford a measure of the economic soundness of a public investment in the project.

b) **Description**: The transportation efficiency benefit/cost (B/C) ratio is a measure of net transportation efficiency benefits of a project. The calculation of this ratio will be performed by RHS using data supplied by the applicant in the project proposal application and application conference(s). The methodology for the calculation of this ratio is available from RHS.

c) **Scoring**: Points are awarded on the basis of the project's raw B/C ratio as shown in the table below. The points awarded increase as the B/C ratio approaches 7.0. The points are awarded in this manner to reflect the lesser quality of the public investment shown by a low B/C ratio and to reflect the greater attractiveness of the project shown by a higher B/C ratio.

B/C Ratio	Points
0 - 0.500	0
0.501 - 0.800	15
0.801 - 0.999	20
1.000 - 1.999	30
2.000 - 2.999	34
3.000 - 3.999	38
4.000 - 4.999	42
5.000 - 6.999	46
7.000 & higher	50

1.2.2 **Wisconsin Containers**

(a) **Purpose**: The purpose of this criterion is to afford a measure of the direct usefulness of the project to Wisconsin industry and to recognize the larger impact upon Wisconsin's economy of investing scarce public resources on more densely-used facilities. It is being assumed that state assistance is better invested in projects directly benefiting Wisconsin industry sites rather than supporting overhead routes for the railroad.

- (b) **Description**: Containers generated by or using the project facility that originates or terminate at a consignor or consignee in Wisconsin, are averaged over five years. Container data should be reported as number of twenty-foot equivalent units (TEUs) for overseas trade and/or 53' trailer equivalents for North American trade. The containers of the past three years and the projections for the next two years are used. Absent valid projections, only the average of the past three years is used. The container data and evidence of its validity is provided by the applicant during the application conference(s).

(c) **Scoring**: Points are awarded on the basis of Wisconsin containers as shown in the table below. The points awarded increase as the containers approach 25,000 per year.

Wisconsin Containers	5(3) Yr. Average	Points
	< 5,000	0
	5,000 – 7,500	3
	7,500 – 10,000	7
	10,000 – 15,000	10
	15,000 – 25,000	13
	> 25,000	15

1.2.3 **Category of Line**

(a) **Purpose**: The purpose of this criterion is to afford a means to reflect the degree to which certain rail lines, physically serve locations of actual or potential Wisconsin rail traffic generation locations. The criteria for classification are described in Translinks 21, WisDOT's comprehensive, long-range intermodal transportation plan adopted in November, 1994.

(b) **Description**: In Translinks 21, each rail line or line segment is classified into the categories of Tier 1, Tier 2 Intermodal and Primary, Tier 2 Primary, Tier 2 Secondary, Tier 2 Passenger, or Not Shown. Projects on Tier 1 lines are assumed to generate a sufficient return to a railroad as to create a lesser priority for public assistance.

(c) **Scoring**: Points are awarded on the basis of the classification of the line on which the project is located. Projects comprised of lines of more than one classification may be awarded points on a prorated basis.

Essentiality	Level	Points	Maximum 3
	Tier 1	0	
	Tier 2 Primary	1	
	Tier 2 Secondary	1	
	Tier 2 Passenger	0	
	Not Shown	3	

1.2.4 **Prior Beneficiary of Assistance**

(a) **Purpose**: The purpose of this criterion is to reflect in the awarding of rail assistance a concept of equity among applicants.

(d) **Description**: If the owner or operator (holder of the STB certificate of public convenience and necessity) of the facility on which the project is located is the owner or operator of the facility on which a prior project is underway or was completed within the 36 months prior to the proposal acceptance date, points under this criterion are not awarded. For purposes of this criterion, if the operator is under common control or common management (an individual is a corporate officer in both companies) with another railroad or parent company of another railroad, a prior project on any of the commonly controlled or commonly managed companies is treated as a prior project of this owner or operator. Grade crossing and TEA rail projects are excluded from consideration as prior assistance.

(c) **Scoring**: Prior beneficiary of assistance points are awarded as shown in the following table.

Prior Assistance	Prior Assistance	Points	Maximum 3
	Yes	0	
	No	3	

1.2.5 **Route Stabilization**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect the ability of a project to support the maintenance of a statewide network of efficient freight railroad routes.

(b) **Description:** Route stabilization is present in a project that rehabilitates a line haul segment of railroad in excess of five miles in

length and is located on a Tier 2 Primary, Tier 2 Secondary or Not Shown line, as defined in the 1994 Translinks 21 plan or the latest subsequent rail system plan, for more than 50% of its length.

(c) **Scoring:** Route stabilization points are awarded as follows:

One point for each full five-mile unit of continuous through route miles subject to the project in excess of five miles, up to a maximum of ten points.

Example: N = 33.8 Miles
x = Number of 5-Mile Units

$$\frac{N - 5}{5} = x$$

x = 5.76

Points Awarded = 5

1.2.6 **Environmental Benefits**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance aspects of the project that offer environmental benefits that may not be captured under the benefit/cost criterion.

(b) **Description:** Points are awarded under this criterion on the basis of the department's finding the project will **substantively:**

(1) Reduce urban highway congestion.
(2) Reduce petroleum fuel consumption.
(3) Reduce emission of air and/or water pollutants.
(4) Improve safety of hazardous material transport.

(c) **Scoring:** Environmental benefit points are awarded as follows:

Environmental Benefits Generated	0–4 points

1.2.7 **Enhancing Wisconsin's Economy**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance funds aspects of the project that offer economic benefits that may not be captured under the benefit/cost criteria.

(b) **Description:** Points are awarded under this criterion on the basis

of the department's finding the project:

(1) Will address an unusual Wisconsin job gain or loss situation.
(2) Contains an element of urgency/timeliness significant to its ability to deliver long-term benefits.
(3) Improves competitiveness of businesses served by the operator.
(4) Improves the attractiveness of Wisconsin for new business.
(5) Serves a developed industrial park (streets, sewer, water in place).

(c) **Scoring:** Enhancing Wisconsin's economy points are awarded as follows:

Economic Enhancement Factors Present 0–4 Points

SECTION 2.0 ASSISTANCE FORM AND AMOUNT

SUB 2.1 POLICIES AFFECTING ASSISTANCE AMOUNT

2.1.1 It is the department's keystone policy for this program to provide assistance to projects in the public interest in an amount no greater than that which is adequate to meet the legitimate economic concerns of the applicant.

2.1.2 The measure of public interest, for program purposes, is determined by the project's qualification and ranking on the criteria set forth under Part II, Section 1.0 herein.

2.1.3 The means used to provide assistance is a grant and/or a loan.

2.1.4 The amount of assistance for any single project may not exceed $375,000 if there is more than one qualified proposal. Grant assistance for studies is limited to $200,000 each.

SECTION 3.0 KEY ASSISTANCE AGREEMENT TERMS

SUB 3.1 LIST

3.1.1 The applicant must hold the department harmless and name the department, etc. as additional insured. Amount of coverage or arrangements under applicant's self insurance to be negotiated.

3.1.2 The railroad or other applicant must agree to operate the line or project facility for the duration of the assistance agreement at the service level proposed in the application process. Termination of service will make the

full assistance amount due and payable plus an amount equal to the interest rate in the agreement or the prime rate of interest, whichever is greater, applied to the full assistance amount from the effective date of the assistance agreement to date of termination.

3.1.3 The maximum loan duration is 10 years for any project.

3.1.4 Loan repayments begin upon completion of the project and may be based on a per car payment formula with a minimum payment per fixed period and maximum end-of-term balloon payment of no more than 50% of the loan or repayment may be by a fixed amount per fixed period or repayment may be by an amortized repayment schedule based on the interest rate, length of repayment period and principle amount.

3.1.5 Interest payments begin upon first draw of assistance funds and are made on a fixed regular schedule.

3.1.6 Rehabilitation and construction material and performance specifications are the choice of the railroad or industry under a loan at interest form of assistance. Should no-interest loan funds be involved in any portion of the assistance provided, WisDOT will have final approval of these specifications.

3.1.7 Requests for final payment shall be submitted within one year of WisDOT acceptance of the approved project work as being complete. If the request for final payment is not received within one year, WisDOT shall consider the last progress billing as the final bill.

3.1.8 In the event federal funds available to WisDOT are to be used on the project, the following will be required of the applicant either as part of the assistance agreement or as a separate document.

(a) Certification that the applicant and any of its contractors are not prohibited from contracting with the federal government.

(b) A document accepting the state's contingent interest in the net liquidation value of the project property equal to the percentage of original project costs covered by federal funds.