

Industrial Rail Service Fund Grant Application FY 2016

A. PROGRAM BACKGROUND

STATUTORY AUTHORITY – I.C. IC 8-3-1.7

GOALS

DEFINITIONS

B. APPLICATION PROCEDURE

GRANTEE ELIGIBILITY

ELIGIBLE ACTIVITIES

SCHEDULE

GRANT MONITORING

GENERAL INFORMATION

C. APPLICATION

PROJECT OUTLINE / APPLICATION FORM

PROJECT DESCRIPTION

MANAGEMENT INFORMATION

PROJECT BENEFIT

EXISTING ECONOMIC INDICATORS

OTHER CONSIDERATIONS

D. SCORING

E. PROJECT SELECTION

F. APPEAL PROCESS

G. GRANT AGREEMENT

H. PROJECT PAYMENT PROCESS

PAYMENT

SCOPE CHANGE

PROJECT CLOSE OUT

I. TIMELINE

A. Program Background

This brief background includes an overview of the program's statutory authority, program goals, along with definitions of terms related to the Indiana Rail Service Fund (IRSF) program.

Statutory Authority

In 1982 Indiana Legislature enacted House Enrolled Act No. 1302 establishing the legislation in IC 8-3-1.7 which created the IRSF. The program originally was set up to provide low interest loans to Class II and III railroads to purchase or rehabilitate real or personal property that will be used by the railroad in providing transportation services.

In 1995, the legislature modified the IRSF language to allow grants to be provided to Port Authorities for the rehabilitation of railroad infrastructure. In 1997, this authority was extended to Class II and Class III railroads as well.

Revenue deposited to the fund is mandated by IC 6-2.5-10-1(4). The fund receives a percentage of the state sales tax which is deposited into the IRSF account on a quarterly basis. Revenue also comes through repayment of IRSF loans as directed by IC 8-3-1.7-6. The Indiana Department of Transportation administers the fund.

Goals

INDOT's mission is to plan, build, operate and maintain a superior transportation system enhancing safety, mobility and economic stability and/or growth.

The IRSF program is for the upgrade of the Class II & III railroad physical plant to help maintain and increase business shipping levels on the rail line, and also to assist with funding needed for track infrastructure improvements related to new business development on the line.

The State of Indiana and by extension INDOT encourages the use of Veteran owned business (VBE) minority owned business (MBE) and women owned business (WBE) on state funded grants.

Definitions

Class I, Class II and Class III Railroads: These classifications differentiate various sizes of railroads based on the amount of annual revenue they generate. The Surface Transportation Board (STB) sets the dollar delineations and adjusts the amount accordingly.

Railroad Organization: A railroad will be evaluated as either an individual railroad or as part of a parent company or a holding group that operates railroads in Indiana.

Railroad Port Authority: A railroad port authority is a railroad that is owned by a local government entity that has an interest in preserving rail service for the local community. Further information about Port Authorities is contained in I.C. 8-10-5-8.1.

286,000 pound capable track: This refers to a segment of track that can handle 286,000 pound rail cars.

Excepted Track through Class 5 track: The class of railroad track according to its physical characteristics as required by the standards stipulated in FRA CFR Title 49 Part 213.

B. APPLICATION PROCEDURE

This document represents the procedure for selecting projects and distributing grant monies made available through the IRSF. It includes information on program eligibility, the schedule, general fund information, application procedures and funding process.

Grantee Eligibility

Eligible applicants are limited to Class II and Class III freight railroads or port authorities; tourist, passenger or hobby railroads are not eligible. An applicant is not eligible if they are in arrears on any state of Indiana debt payment or have not filed their current years' Annual Report pursuant to I.C. 8-3-1-1(i). The applicant cannot have any outstanding issues with the Department of Revenue or Department of Workforce Development.

Eligible Activities

Grants through the Industrial Rail Service Fund program can be used for the rehabilitation of railroad infrastructure or railroad construction. Railroads are limited to a grant award that does not exceed 75% of the total cost of the project. The railroad contribution may include funds from other Local, State or Federal Agencies or entities. The maximum grant award for a railroad in fiscal year 2016 is \$ 300,000.

Port authorities are limited to a grant award not to exceed 20% of the gross sales use tax receipts deposited in the previous fiscal year. The grant amounts listed above are maximums and not guaranteed award amounts.

Schedule

The Rail Office will receive applications through close of business (5:00 pm ET) on December 31, 2015.

Grant Monitoring

Applicants receiving a grant are required to retain work and material reports for three (3) years after completion of the project. The applicant is required to provide INDOT with any and all project-related reports which INDOT requests.

INDOT will conduct a site visit prior to the release of a purchase order for approved projects. A post inspection will be conducted prior to final payment. Additional inspections may occur.

The grant agreement allows INDOT to recover costs should the railroad, for whatever reason, discontinue operations on the track where the improvements were provided by the grant. INDOT's specific policy requires the grantee to continue operation over its rail line, maintaining all railroad infrastructure improvements completed with funds made available through this grant as outlined in Exhibit A of the contract, for a period of not less than five (5) years from the date of project completion. INDOT requires repayment of 20% of granted funds for each year less than the required five years after receiving an IRSF grant that the railroad does not remain in operation.

General Information

Track and bridge improvement projects will be monitored by location to avoid duplicating a grant. Track improvements from FY16 grant locations will be eligible for a grant in nine years. Bridge improvements at the FY16 location will be eligible for a grant in 15 years. Note: *These restrictions do not apply in the event of a natural disaster.*

The IRSF grant application form is available on the INDOT Rail website at <http://www.in.gov/indot/2394.htm>, and will be mailed upon request. The review and scoring process occurs in (update) January, 2016. Applications will be reviewed and the highest scoring projects will be funded until the available balance for this year is exhausted.

C. Application

The current version of the application includes the following sections: Project Outline, Project Description, Management Information, Project Benefit and Existing Economic Indicators and Other Considerations. A railroad may submit one application per year. An applicant must submit a complete application to be considered for a grant. Incomplete applications will not be considered and the applicant will not be notified. The Rail Office reserves the right to reduce the project scope and grant award dollar amount.

Project Outline (Use Application Form)

- Applicant name and mailing address
- Contact person and title, phone number, and e-mail address
- Total Project cost – Railroad contribution/percent and grant request/percent
- Select project category - [tie and/or ballast replacement; rail replacement; bridge construction; rail spur or siding; other rehabilitation project]
- Project location – milepost to milepost; County(ies); and length of segment to be improved
- Freight traffic by primary type of commodity originated; freight traffic by primary type of commodity terminated on segment improved

Project Description

The project description has three parts. Part one is a narrative of the proposed project. Include a description of the proposed project by milepost. Provide details of the work to be done, why the project is needed, and provide a summary of the benefits derived from the project.

For the second part of the Project Description, provide a map of the project area and include details showing where the planned improvements will be located.

Part three is a detailed *project budget* that includes each proposed item for purchase and its cost, the total project cost, the railroad contribution and requested INDOT contribution. This will be incorporated into the grant agreement as the exhibit. The contractor price quote(s) must be included as part of this portion of the application.

Management Information

Provide an organizational chart including rail owner and applicant's relationship, if not the same.

Project Benefit

List the specific (if any) impacts this project will have on the safety of the employees, rail users and surrounding communities. Also, provide details pertaining to environmental benefits as well as how the project will help to enhance economic development in the community.

What is the anticipated useful life of the improvement? Include calculations and assumptions made for the anticipated useful life of the improvement.

Provide a conservative estimate of the number of Indiana residents employed by the shippers on the line.

Existing Economic Indicators

Existing economic indicators and other considerations are items that are scored based on information made available from sources available to the Rail Office and do not require the railroad to submit specific additional information in their application. These types of information include the annual number of rail cars moved per track mile for the last three years, commodity information, intermodal accessibility and type of railroad organization. The number and total award amount of IRSF grants received by the applicant railroad during the past four years will also be considered in this portion of the review.

Other Considerations

Other considerations taken into account include compliance with State and Federal railroad filing requirements, the railroad safety performance according to the Federal Railroad Administration and the percentage of the railroad's contribution as a part of the total project cost. The rail office will compile these indicator items with data from the annual report submitted earlier this calendar year and using other available data sources.

The project will be reviewed to ensure project funding amounts are appropriate and necessary.

D. Scoring

The score sheet is completed with information provided from the application, current railroad reports, rail system map and FRA Accident Reports. The score sheet categories and their total point values are listed below.

Project Description	Maximum Points – 30
Existing Economic Indicators	Maximum Points - 40
Other Considerations	Maximum Points - 18

E. Project Selection

The review team consists of three members, at least two from the Rail Office along with another State of Indiana employee.

Each application is reviewed and independently scored by each member using the IRSF grant evaluation criteria. Applications are then ranked based on their cumulative score. Funds are then awarded to the top-ranked applications until available funding is exhausted. A report with the list of the recipients, award amount, and a synopsis of each project application is prepared and submitted to the Manager, Rail Office.

The Rail Office will send award notifications and grant agreements to each railroad selected to receive a grant. The Rail Office will send notices to the other railroads announcing their project was not selected for funding. Grantees and award amounts will be posted on the INDOT website.

F. Appeal Process

An applicant not receiving approval may appeal the selection decision to the Rail Office Manager who will review all appeals. The process for filing an appeal is as follows:

Step One

The applicant must send by certified mail, an appeal within 15 calendar days after receiving notification of INDOT's decision. The appeal should be mailed to:

Michael Riley
Manager, Rail Office
Indiana Department of Transportation
100 North Senate Ave., Room N955
Indianapolis, IN 46204-2220

Step Two

INDOT will conduct a preliminary review within five working days, and if necessary, request by certified mail additional information from the applicant.

Step Three

INDOT will allow five working days for receipt of additional materials.

Step Four

The Rail Office Manager will make a final decision within 15 working days from the receipt of the appeal request, or within 15 working days from the receipt of additional materials, if required.

Step Five

INDOT will notify the applicant in writing within five working days of its final decision.

Step Six

The applicant may appeal INDOT's final decision in accordance with Indiana Code 4-21.5-3-1 et seq.

G. Grant Agreement

The Senior Rail Planner works with the Contract Administration Division to prepare the current fiscal year grant agreement. The agreement exhibit is based upon the approved scope of work and the budget, which is incorporated into the grant agreement.

Each railroad must sign and return the agreement to:
Bridgett Hail, Senior Rail Planner
Indiana Department of Transportation – Rail Office
100 N. Senate Ave., N955
Indianapolis, IN 46204

After receipt by INDOT it is routed through the state signatory process, which takes approximately eight weeks. The railroad will receive a copy of the executed agreement, purchase order, notice to proceed, and reimbursement instructions.

H. Project Payment Process

Payment

A pre-project site inspection will be conducted by an INDOT employee prior to the purchase order release.

Along with copies of vendor bills or invoices the payment request must include a project spending report. This is a statement on railroad letterhead that includes a written description of the work completed and the funding breakdown of the INDOT and railroad share of the total project cost, amount requested, amount spent to date and the amount remaining. Each request is paid in proportion to INDOT's approved share of the project, as indicated in the grant agreement exhibit.

Each railroad must have on file with the State Auditor a current direct deposit form or a waiver request. ***Should your railroad bank information change, or the address where the payment should be sent, please submit an updated W9/direct deposit form directly to the State Auditor. The payment will be rejected if this information is not current.*** The Rail Office will notify the grant applicant if the payment is rejected. Send an email to bhail@indot.in.gov to receive the current direct deposit form if needed.

No payments will be made without a vendor bill or invoice. Employee labor is eligible to be counted as part of the **railroad** match. The railroad has 15 months from the date of the purchase order to complete the project. Final payment will be made after a project inspection by a member of the Rail Office staff.

Scope Change

In the course of completing the project, the railroad may determine changes or modifications to the scope of work are needed. These requests will not involve an increase in the amount of funding provided by INDOT.

This occurrence should not happen regularly. However, when needed, the railroad must send a letter to the Rail Office Manager justifying the reason for the change. Scope changes that result in a more efficient use of resources are generally viewed favorably for approval. A significant change in material costs which allows the railroad to increase the amount of material purchased is an example of an acceptable change in scope. Requests to substantially change the scope of work are not allowed. The Rail Office Manager has the authority to approve changes. If approved, an "approval to the change in scope of work notice" is sent to the railroad and put in the grant file.

If the total project cost exceeds the amount listed in the agreement; INDOT will not provide funding in excess of the grant award. Should the total project cost less than the amount listed in the agreement, INDOT will still pay its proportional share of the total project cost. Any balance remaining in the purchase order after the project is completed is returned to the IRSF account.

Project Close-Out

After the project is complete, the railroad must email a request for a project inspection. If the inspection documents the project has been completed based on the agreement exhibit, the final payment is made, and the purchase order is closed.

Submit one original application by mail OR electronically to:

Bridgett Hail
Senior Rail Planner
Indiana Department of Transportation
100 N. Senate Ave. – N955
Indianapolis, IN 46204-2220
bhail@indot.in.gov

I. Timeline

Solicit Applications	November 6, 2015 – December 31, 2015
Review and Score Applications	January 29, 2016
Recommendations Approved	February 19, 2016
Approval/Denial Notices Sent	After March 1, 2016 Public Meeting
Grant Agreement Signatory Process	March/April 2016
Purchase Orders Generated	April/May 2016
Grant Reimbursement	Through October 2017