



Freight Rail Investment Bank Project List

Introduction

The Washington State Legislature authorized the Washington State Department of Transportation (WSDOT), under ESHB 5024, Section 310 (2), to provide loans for the Freight Rail Investment Bank. WSDOT received two applications requesting nearly \$2.137 million in funding.

WSDOT issued a “Call for Projects” based on legislative priorities in August 2013. Proposal submittals were due back to WSDOT on September 20, 2013. By November 1, 2013, WSDOT is required to submit a prioritized list of recommended projects to the Office of Financial Management and the Transportation Committees of the Legislature. Verification of project milestone dates is predicated on project funds being made available on July 1, 2014. If funds are not available until a later date, project milestone dates will need to be adjusted.

The WSDOT Rail and Freight Systems Divisions jointly evaluated the proposals. They used the benefit/cost element of the “Freight Rail Project Priorities” report submitted to the Legislature on September 1, 2008 along with the scoring matrix set out in the application package to evaluate the benefit/cost of each proposal. To document the proposals’ ability to provide economic benefits, WSDOT verified the number and location of shippers and their current carloads moved. WSDOT also examined additional issues including:

- Risks to the project completion from environmental impacts (these were noted on the details of the projects where applicable).
- Risks to budget due to cost estimates provided not being sound or not allowing enough for cost increases due to inflation or any other factor (these risks were noted on the project description).

In addition to the benefit/cost analysis applicants were judged on their ability to successfully manage schedule, scope and budget for their proposed project.

Both project applications came from financially stable public organizations. Thus, both projects are recommended for funding based upon the benefits exceeding costs and the fact the each entity appears to have the ability to repay the loans, if offered.



Prioritized Project List:

Master List

| Name of Applicant | Score | Ranking | Amount |
|--|-------|---------|---------------------|
| Tacoma Rail – SR 509 Track Rebuild Project | 49 | 1 | \$1,037,012 (see A) |
| Port of Everett Roll-on/Roll-off Dock Improvements | 43 | 2 | \$911,715 (see B) |
| Total | | | \$1,948,727 |

Note A – Applicants request exceeded \$250,000 maximum for loans provided by the program. Due to the limited number of applications received, the program has enough funding to grant the applicants requested amount. WSDOT recommends applicant be awarded loan funding per their request.

Note B – Applicant both exceeded the loan maximum of \$250,000 in addition to not meeting the 20% minimum local match funding required. Due to the limited number of applications received, the program has enough funding to provide a grant award in excess of \$250,000. However, the program does not have enough funding to grant the full loan funding the applicant has requested. If the legislature chooses to enforce the 20% local match requirement, WSDOT recommends loan funding for this project at \$757,200. If the legislature forgoes the minimum local matching fund requirement, WSDOT recommends awarding a loan amount of \$911,715.



Tacoma Rail – SR 509 Track Rebuild Project

Ranking: 1

Final Score: 49

Project Description:

This project will replace approximately 4,200 feet of 85-pound rail with 115-pound rail including cross ties and associated track components on the SR 509 lead. This track is the only access to 14 customers located on the Blair Peninsula. These customers generate 20% of Tacoma Rail’s carloadings annually.

Funding

| Funding Source | Public or Private | Cash or In-Kind | Amount | % |
|--------------------------------------|-------------------|-----------------|-----------------------|-------------|
| Tacoma Rail | Public | Cash/In-Kind | \$259,253.60 | 20% |
| WSDOT – Freight Rail Investment Bank | Public | Cash – loan | \$1,037,012.00 | 80% |
| Total | | | \$1,296,265.60 | 100% |

Summary of Analysis and Recommendation:

- The benefit cost ratio is in excess of 2 to 1.
- This project would increase safety by reducing the potential of a derailment occurring on the SR 509 track.
- The project will increase capability by ensuring Tacoma Rail can handle 286,000 pound rail equipment on the track.
- Several land parcels adjacent to this track are planned for industrial development. This improvement will enable future job growth and increase economic development.



Port of Everett – Roll-on/Roll-off Dock Improvements

Ranking: 2

Final Score: 43

Project Description

This is the second phase of a 3-phase project, which proposes to make improvements to the Roll-on/Roll-off Wharf. These improvements, coupled with South Terminal Rail Upgrades will allow Port of Everett to handle the largest Roll-on/Roll-off cargo in the world and support the ports strategy of serving oversized cargo including aerospace, heavy machinery and energy equipment. The project will add over 60 jobs and is expected to double the amount of rail carloads arriving or departing from the port each year.

Funding \$911,715

| Funding Source | Public or Private | Cash or In-Kind | Amount | % |
|--------------------------------------|-------------------|-----------------|--------------------|-------------|
| Local – Port | Public | Cash | \$211,000 | 7.6% |
| WSDOT – Freight Rail Investment Bank | Public | Cash – loan | \$1,100,000 | 39.8% |
| Washington Dept of Commerce Grant | Public | Cash | \$1,455,000 | 52.6% |
| Total | | | \$2,766,000 | 100% |

Summary of Analysis and Recommendation:

- The benefit-cost ratio is in excess of 2 to 1.
- The terminal improvements will double rail carloads at Port of Everett.
- This is part of a multi-phased improvement project expected to add over 60 permanent jobs.
- This project is recommended for partial funding from the Freight Rail Investment Bank. In addition to exceeding the \$250,000 loan maximum, the proposal does not meet the minimum local match of 20%. Based on funding availability WSDOT recommends not more than \$911,715 in loan funding be awarded.