

Freight Rail Investment Bank Project and Loan Status Update

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Purpose of this report

The Second Engrossed Substitute House Bill 1299 Section 310 (2) calls for the Washington State Department of Transportation (WSDOT) to “...report annually to the transportation committees of the legislature and the office of financial management on all Freight Rail Investment Bank (FRIB) loans issued.”

What is FRIB and how does it support state freight goals?

The Freight Rail Investment Bank (FRIB) is a program that loans money to build new or improve existing rail infrastructure across the state. The program is administered by WSDOT. The loan program is available to the public sector only.¹

Fifty percent of the short-line rail network in Washington State is publicly owned. Cities, counties, port districts, along with the state, own over 700 miles of rail infrastructure, which supports rural economies by providing cost effective transportation options. Some of the largest industries in the state, including the agriculture and timber industries, rely heavily on rail transportation in their supply chains.

In addition, port districts on the Puget Sound and the Lower Columbia River play a vital role connecting the mainline railroads to marine transportation, which supports international trade. These global gateway ports must build and maintain rail infrastructure to ensure they can continue to serve industries that rely on them to reach national and international markets. FRIB program history is listed in Exhibit 1.

Exhibit 1: FRIB Program History

Biennium	Number of Projects	FRIB Funding
2007-09	4	\$2,500,000
2009-11	2	1,310,000
2011-13	9	5,180,000
TOTAL	15	\$8,990,000

What is the status of projects funded in the 2013-15 biennium?

WSDOT issued a call for projects in July 2012 and again in July 2013. Through those actions, ten projects were selected and received loan funding totaling \$7,332,000. As a result, all funding available for the FRIB program in the 2013-15 biennium was allocated to projects.

Two projects that originally applied for the Freight Rail Assistance Program (grant) opted to convert their applications to the FRIB program as they were not recommended to receive grant funding.

Of those projects funded in 2013-15, two have entered repayment during calendar year 2015, six are scheduled to enter repayment during 2016 and two have not yet completed the construction phase. In

¹ Article VIII, Section 5, of the state’s Constitution prohibits the state’s credit from being given or loaned to any individual, association, company, or corporation.

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accordance with the legislative budget proviso, projects completed during the 2013-15 biennium are charged sufficient interest to recover the costs of managing the loan collections process and repayment periods are no more than ten years. The projects are charged one percent simple interest, which is assessed on the total amount of the loan. The 2013-15 FRIB projects are listed in Exhibit 2.

Exhibit 2: 2013-15 FRIB Project List

Projects (2013-15)	Recipient	Location	FRIB Funding
Yard Tracks 8 & 9 Rail Relay	Tacoma Rail	Tacoma	\$823,227
Taylor Way Rail Relay and Extension	Tacoma Rail	Tacoma	1,105,074
West Loop Track Rail Relay	Tacoma Rail	Tacoma	515,789
East Loop Track Rail Relay	Tacoma Rail	Tacoma	773,070
Port Pass Track Rail Relay	Tacoma Rail	Tacoma	250,000
North Yard Rail Relay	Tacoma Rail	Tacoma	366,387
SR509 Track Rebuild	Tacoma Rail	Tacoma	1,037,012
Extend RORO Rail Spur	Port of Everett	Everett	1,811,715
Intermodal Facility Track Expansion	Port of Walla Walla	Walla Walla	250,000
New Siding Construction	City of Richland	Richland	400,000
TOTAL			\$7,332,274

What is the detailed status of loan repayments?

The repayment schedule for calendar year 2015 is listed in Exhibit 3. The current outstanding balance for the program is \$4,227,000 with annual receivables just under \$550,000 for 2015. All borrowers are current on their loan repayments.

Exhibit 3: 2015 Loan Repayment Schedule

Calendar Year 2015 Loans												
Borrower	Loan Type	Agreement	Term in Years	Pymt Start Date	Loan End Date	Loan Balance	Annual Amount Due	Am't Rec'd	Due Date	Pymt Rec'd	Delinquent	
City of Tacoma	FRIB	RRB1007	10	May-13	May-22	\$315,000.00	\$45,000.00	\$45,000.00	5/1/2015	5/1/2015	N	
City of Tacoma	FRIB	RRB1026	10	May-14	May-23	277,856.07	34,732.01	34,732.01	5/1/2015	5/1/2015	N	
City of Tacoma	FRIB	RRB1010	10	Jun-13	Jun-22	428,400.00	61,200.00	61,200.00	6/1/2015	6/1/2015	N	
City of Tacoma	FRIB	RRB1011	10	Jul-13	Jul-22	244,013.70	34,859.10	34,859.10	7/1/2015	7/2/2015	N	
City of Tacoma	FRIB	RR00407	15	Jul-10	Jul-24	15,831.44	1,759.06	1,759.06	7/1/2015	7/2/2015	N	
City of Tacoma	FRIB	RR00408	15	Jul-11	Jul-25	166,301.43	16,630.15	16,630.15	7/1/2015	7/2/2015	N	
City of Tacoma	FRIB	RRB1030	10	Jul-14	Jul-23	291,150.40	36,393.80	36,393.80	7/1/2015	7/2/2015	N	
City of Tacoma	FRIB	RRB1045	10	Apr-15	Apr-24	556,763.46	61,862.61	61,862.61	4/1/2015	4/1/2015	N	
City of Tacoma	FRIB	RRB1046	10	Jun-15	Jun-24	225,000.00	25,000.00	25,000.00	6/1/2015	6/1/2015	N	
Port of Benton	FRIB	RR00406	15	Jul-09	Jul-23	133,333.31	16,666.67	16,666.67	7/1/2015	6/16/2015	N	
Port of Everett	FRIB	RR00449	10	Jul-13	Jul-22	867,044.56	123,863.51	123,863.51	7/1/2015	7/27/2015	N	
Port of Everett	FRIB	RR00423	15	Jul-09	Jul-23	133,333.31	16,666.67	16,666.67	7/1/2015	7/27/2015	N	
Port of Longview	FRIB	RRB1029	10	Jul-14	Jul-23	372,483.71	46,560.46	46,560.46	7/1/2015	6/29/2015	N	
Port of Vancouver	FRIB	RRB1017	10	Jul-13	Jul-22	72,638.97	10,377.00	10,377.00	7/1/2015	7/6/2015	N	
Spokane County	FRIB	RRB1018	10	Jul-13	Jul-22	126,000.00	18,000.00	18,000.00	7/1/2015	7/1/2015	N	
Yearly Totals							\$549,571.04	\$549,571.04				

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Exhibit 4 shows the projected loan repayment schedule for calendar year 2016. Currently, six projects funded in the 2013-15 biennium have completed construction and are expected to begin repayment in 2016. These projects are highlighted in yellow.

Exhibit 4: 2016 Loan Repayment Schedule

Projected for Calendar Year 2016								
Borrower	Loan Type	Agreement	Term in Years	Pymt Start Date	Loan End Date	Loan Balance	Annual Amt Due	Due Date
City of Richland	FRIB	RRB1070	10	Jul-16	Jul-25	\$400,000.00	\$40,000.00	7/1/2016
City of Tacoma	FRIB	RRB1045	10	Apr-15	Apr-24	556,763.46	61,862.61	4/1/2016
City of Tacoma	FRIB	RRB1007	10	May-13	May-22	315,000.00	45,000.00	5/1/2016
City of Tacoma	FRIB	RRB1026	10	May-14	May-23	277,856.07	34,732.01	5/1/2016
City of Tacoma	FRIB	RRB1052	10	May-16	May-25	366,387.00	36,638.70	5/1/2016
City of Tacoma	FRIB	RRB1010	10	Jun-13	Jun-22	428,400.00	61,200.00	6/1/2016
City of Tacoma	FRIB	RRB1046	10	Jun-15	Jun-24	225,000.00	25,000.00	6/1/2016
City of Tacoma	FRIB	RRB1011	10	Jul-13	Jul-22	244,013.70	34,859.10	7/1/2016
City of Tacoma	FRIB	RR00407	15	Jul-10	Jul-24	15,831.44	1,759.06	7/1/2016
City of Tacoma	FRIB	RR00408	15	Jul-11	Jul-25	166,301.43	16,630.15	7/1/2016
City of Tacoma	FRIB	RRB1030	10	Jul-14	Jul-23	291,150.40	36,393.80	7/1/2016
City of Tacoma	FRIB	RRB1053	10	Aug-16	Aug-25	773,070.00	77,307.00	8/1/2016
City of Tacoma	FRIB	RRB1054	10	Sep-16	Sep-25	1,105,074.00	110,507.40	9/1/2016
City of Tacoma	FRIB	RRB1055	10	Jun-16	Jun-25	515,789.00	51,578.90	6/1/2016
Port of Benton	FRIB	RR00406	15	Jul-09	Jul-23	133,333.31	16,666.67	7/1/2016
Port of Everett	FRIB	RR00449	10	Jul-13	Jul-22	867,044.56	123,863.51	7/1/2016
Port of Everett	FRIB	RR00423	15	Jul-09	Jul-23	133,333.31	16,666.67	7/1/2016
Port of Longview	FRIB	RRB1029	10	Jul-14	Jul-23	372,483.71	46,560.46	7/1/2016
Port of Vancouver	FRIB	RRB1017	10	Jul-13	Jul-22	72,638.97	10,377.00	7/1/2016
Port of Walla Walla	FRIB	RRB1064	10	Jul-16	Jul-25	249,927.12	24,992.71	7/1/2016
Spokane County	FRIB	RRB1018	10	Jul-13	Jul-22	126,000.00	18,000.00	7/1/2016
New for 2016 - Actual Loan Amount Pending Agreement Closure						Yearly Total	\$890,595.75	

What is the status of projects funded in the 2015-17 biennium?

For the 2015-17 biennium, eight projects were selected in 2014 totaling \$4,122,000; these projects are listed in Exhibit 5. These projects are entering the construction phase and, therefore, loan collections are not expected to begin until calendar year 2017 at the earliest. A total of \$877,000 in funding remains available in the program. WSDOT issued a call for projects in September 2015 to expend the remaining funds. Applications were received in October and currently are being reviewed. Two projects opted for funding through the FRIB program when they were not recommended for funding through the grant program (the Freight Rail Assistance Program, or FRAP).

Exhibit 5: 2015-17 FRIB Project List

Projects (2015-2017)	Recipient	Location	FRIB funding
Wilma Rail Terminal Improvements	Port of Whitman County	Clarkston	\$500,000
Transfer Yard Connection	Tacoma Rail	Tacoma	150,000
Edwards Crossover	Tacoma Rail	Tacoma	156,997
Taylor Wye	Tacoma Rail	Tacoma	311,457
West Lead	Tacoma Rail	Tacoma	369,518
East Lead	Tacoma Rail	Tacoma	469,270
Wallula Gap Business Park Lead Track	Port of Walla Walla	Wallula	810,085
Marine Terminal Rail Investments	Port of Everett	Everett	1,355,000
TOTAL			\$4,122,327