

# **Industrial Rail Service Fund 2014 Guidelines**

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## **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 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 Industrial Rail Service Fund (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. Port authorities are limited to a grant award not to exceed 20% of the gross sales and use tax receipts deposited in the fiscal year preceding the fiscal year the grant is made.

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**

The INDOT 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 track infrastructure improvements related to new business development.

The State of Indiana and by extension INDOT encourages the use of Veteran owned business (VBE) minority owned business enterprises (MBE) and women owned business enterprises (WBE) participation 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 a railroad in Indiana. The entire portion of the parent company or holding group doing business in Indiana will be evaluated as a whole.

**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 railroad 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 State or Federal Agencies or entities. The maximum grant award for a railroad in fiscal year 2014 is \$300,000.00.

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 fiscal year the grant is made. The grant amounts listed above are maximums and not guaranteed award amounts.

### **Schedule**

The Rail Office will receive applications through close of business on Monday, December 9, 2013.

### **Grant Monitoring**

Applicants receiving a grant are required to retain work and material reports for two 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 selected projects. A post inspection will be conducted prior to final payment. Additional inspections may occur.

### **General Information**

Track and bridge improvement projects will be monitored by location to avoid duplicating a grant. Track improvements from FY14 grant locations will be eligible for a grant in nine years. Bridge improvements at the FY14 location will be eligible for a grant in 15 years. ***These restrictions do not apply in the event of a natural disaster.***

The IRSF grant application is available on the INDOT Rail website at <http://www.in.gov/indot/2394.htm>, and will be mailed upon request. The review and evaluation process occurs in December. Applications will be reviewed and the highest evaluated-projects will be selected for funding until the available balance for this year is exhausted.

## C. Application

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

### Project Outline/Application

- Applicant name and mailing address
- Contact person, address, phone number, fax 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 and length of segment to be improved
- Freight traffic by commodity originated; freight traffic by commodity terminated on segment improved

### Project Description

The project description has three parts. Part one is a *narrative* of the proposed project including benefits of the project. Include a description of the proposed project by milepost.

The second part is a project map.

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 should be in the section.

### Management information

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

### Project Benefit

What specific (if any) impact will this project have on the safety of the employees, rail users and surrounding communities?

What impact will the project have on the economic development of 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 the number of Indiana residents employed by the shippers on the line.

### Existing Economic Indicators

Existing economic indicators include the annual rail cars moved per track mile for the last three years and type of railroad organization. The Rail Office will compile this indicator with data from the annual report submitted earlier this calendar year.

The award amount of IRSF grants received in the past four years will be calculated as an existing economic indicator.

### **Other considerations**

This section includes compliance with filing requirements, the railroad safety performance according to the Federal Railroad Administration and the railroad contribution, compliance with State reporting requirements and railroad contributions.

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

### **D. Evaluation**

The evaluation is completed with information provided from the application, current railroad reports, rail system map and FRA Accident Reports.

### **E. Project Selection**

The review team consists of three members, two from the Rail Office; the committee chair - the Senior Rail Planner, and a Code Enforcement Officer, and a State of Indiana employee.

Each application is evaluated independently by each member using the IRSF grant evaluation criteria. Applications are then ranked based on their evaluation. 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 with funding recommendations.

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 to the INDOT website.

### **F. Appeal Process**

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

#### **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 original agreement to  
Venetta Keefe, Sr. 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 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 by fax to (317) 234-1916 or by mail to the Indiana Auditor of State, 240 Statehouse, 200 W. Washington St., Indianapolis, IN 46204. 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 [vkeefe@indot.in.gov](mailto:vkeefe@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 excluding railroad flagmen 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 by mail OR electronically to:

Venetta Keefe,  
Sr. Rail Planner  
Indiana Department of Transportation  
100 N. Senate Ave. – N955  
Indianapolis, IN 46204-2220  
[vkeefe@indot.in.gov](mailto:vkeefe@indot.in.gov)

## **I. Timeline**

Solicit Applications	October 17 – December 9, 2013
Review and Score Applications	December, 2013
Recommendations Approved	January 2014 Public Meeting
Approval/Denial Notices Sent	After January 2014 Public Meeting
Grant Agreement Signatory Process	January /February 2014
Purchase Orders Generated	March 2014
Grant Reimbursement	Up to 15 months after purchase order