COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Nicholas Donohue
Chairperson

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Agenda item # 9

RESOLUTION
OF THE
COMMONWEALTH TRANSPORTATION BOARD

October 13, 2026

MOTION

Made By: Ms. Dunlop, **Seconded By:** Mr. Good
Action: Motion Carried, Unanimously

Title: Policy for the Rail Industrial Access Program

WHEREAS, the General Assembly declares it to be in the public interest that access railroad tracks and facilities be constructed to certain industrial commercial sites where rail freight service is or may be needed by new or substantially expanded industry as described in Section 33.2-1600 of the Code of Virginia, and;

WHEREAS, Section 33.2-1600 E. sets forth considerations for the Commonwealth Transportation Board (the Board) when evaluating whether to construct access tracks, and further instructs the Board to adopt procedures to encourage widespread use of the funds, and;

WHEREAS, the Board desires to update its policies regarding projects which qualify for application of industrial access railroad track funds, and;

WHEREAS, the Board intends to retain, by incorporating it into an updated policy relating to industrial access railroad track funds, the current Performance Policy adopted March 19, 2024, which was the result of the Board's reevaluation of the Rail Industrial Access Program Performance Policy.

NOW, THEREFORE, BE IT RESOLVED, that effective November 1, 2026, the Rail Industrial Access Policy Update adopted by the Board on March 19, 2024, is superseded by this revised policy and is hereby rescinded.

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Industrial Access Railroad Track Program Policy

1. The Industrial Access Railroad Track Program will be administered by the Director of the Department of Rail and Public Transportation (Director) in accordance with decisions of the Commonwealth Transportation Board (Board). Pursuant to §33.2-1600(C) of the Code of Virginia, the Director may consult with the Commissioner of Agriculture and Consumer Services, and the Director of the Virginia Economic Development Partnership (or their designated representatives) concerning applications for funds in accordance with the *Code of Virginia*. The Department of Rail and Public Transportation will act as staff to receive and process applications, to make recommendations and to supervise the program and approve the costs incurred.

2. Funding for the program will be provided from funds appropriated by the General Assembly in accordance with §33.2-1600(B) of the Code of Virginia.

3. All applications for industrial access railroad track funds shall be discussed with the appropriate local government. Each application shall be accompanied by a resolution from the local governing body requesting that such funds be allocated to the proposed project.

4. Applications shall require the grantee to estimate the rail and truck utilization ratio of the proposed facility.

5. All applications shall be submitted to the Department of Rail and Public Transportation in accordance with the procedures outlined by the Department's Rail Industrial Access Program Guidelines. The Department will process the applications, including making recommendations, and transmit the same to the Director for review and concurrence prior to submittal to the Board.

6. Funds for the construction of industrial access railroad tracks may be provided if the construction will have a positive impact upon the economic development of the Commonwealth or a region of the Commonwealth. Financial assistance will be limited to certain industrial or commercial sites where rail freight service is or may be needed by new or expanding industry for the construction and/or rehabilitation of railroad track facilities between the proposed common carrier railroad tracks and the actual site of existing or proposed commercial or industrial buildings or facilities.

7. Funds may be used to construct, reconstruct, or improve part or all of the necessary tracks and related facilities on public or private property currently used or being developed for single industries or industrial subdivisions under contract or already constructed, including those subdivisions owned and promoted by railroad companies and others. No funds shall be reimbursed until all agreements are executed and certifications are provided as set forth in this Policy.

8. Industrial access railroad track funds shall not be used for the acquisition of right of way or adjustment of utilities. If the total project costs exceed the grant amount plus the grantee contribution for a specific project, the grantee is responsible for providing the additional funds to complete the project. Eligible items of construction shall be limited to those necessary to provide adequate and safe rail service and shall include the mainline switch to the industry being served. Construction shall not include siding tracks. A siding track is defined as a track secondary to a main track for a meeting or passing trains.

9. Plans and construction of all projects utilizing industrial access railroad track funds shall be subject to approval by the serving railroad prior to transmittal to the Director.

10. All facilities constructed and improved with industrial access railroad track funds shall be made available for use by all common carriers using the railway system to which they connect. The railroad company owning the main track to which an industrial access track will also have unrestricted access to the industrial track.

11. Industrial access railroad track funds shall be paid as reimbursement for approved project activities only after certification that the manufacturing, industrial, or commercial establishment is constructed and operating.

12. No more than 50 percent of the funds shall be allocated to any one county, town, or city in any fiscal year unless there are not sufficient applications prior to May 1.

13. No more than $1,000,000 of the funds shall be allocated to any project, unless the Board approves such funding.

14. Funds shall be matched with a minimum 30% local or private match.

15. The Board shall, in the evaluation of projects, consider the cost of construction of an access track in relation to the prospective volume of rail traffic, capital investment, potential employment, or other economic and public benefits.

16. Committed industrial access railroad track funds are those funds which have been allocated to a project but not necessarily spent in the year of allocation. Committed funds shall be expended within 24 months, unless an extension is granted. Any funds allocated but unused, returned funds, and uncommitted funds will be allowed to accumulate and carried forward from one year to another in the access fund.

17. The applicant shall be contractually committed to providing the Commonwealth with an ownership interest for the useful life of the project in that portion of tracks and facilities constructed or improved with the use of industrial access railroad track funds. Maintenance and liability of such facilities shall be the responsibility of the grantee. Any cost involved in any subsequent relocation or removal of industrial access railroad track facilities shall be borne by the grantee. Following relocation, the Commonwealth's ownership interest will be

redefined. In case of removal, the Director shall recoup the value of the facilities in which the Commonwealth has any remaining interest.

18. In the event the grantee desires to sell the property or interest on which access tracks have been constructed with funds from this program, the sale will be subject to the Commonwealth's ownership interest and Director's written approval.

19. Grants to aid in the relocation of a business within Virginia will be considered on a case-by-case basis. Funding will generally not be recommended in cases where an industry is simply relocating within Virginia, unless there is a significant business expansion, excluding the value of transferred capital assets. The business capital investment value used to evaluate applications for industrial access funds will be calculated on a net basis. The value of existing business capital assets sold or transferred to the new location will be subtracted from the gross capital investment by the business to determine the figure to be utilized for qualifying matching funds for a rail industrial access grant.

20. Performance shall be based on achieving a minimum threshold for rail cars, with the following criteria:
    1. The performance evaluation period shall last three years.
    2. The minimum threshold is defined as the minimum number of rail cars required to achieve 50 of 100 application points as further described in Policy RR-01a. Rail Industrial Access Application Guidance and Policies.
    3. The minimum threshold must be met in at least one of three years of performance.

21. The Director may grant one (1) three-year extension to the performance period, subject to the following:
    1. If an extension is granted, the grantee must meet the target threshold at least once during the total six-year performance period.
    2. Determination of the extension shall also include evaluation of the grantee's progress toward its performance targets.

22. Repayment shall be based on the percentage of performance target achieved. The percentage for partial repayment of the grant amount shall be determined by the difference between the highest actual carload count reported and the minimum threshold necessary to achieve 50 of 100 application points.

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CTB Decision Brief
Policy for the Rail Industrial Access Program
Department of Rail and Public Transportation

Summary: The CTB has reviewed existing policies, received input from staff and the Office of the Attorney General, and recommended updates which are intended to encourage widespread use of the funds, per §33.2-1600. DRPT presented the following potential Rail Industrial Access Program Policy Updates to the CTB at the September 15, 2026 Workshop Meeting:

- Renewed advertising campaign
- Streamlined locality notification
- Establish six-year contingent interest
- Fund up to 70% of rail construction cost not to exceed $1M per project

The renewed advertising campaign is moving forward and does not require a policy update by the CTB. DRPT continues to review future potential updates to encourage widespread use of the funds, including the potential for streamlined locality notification and changes to the contingent interest period. DRPT has put these two potential policy updates on hold and may present them to the CTB for action at a later date. DRPT is moving forward to present to CTB for action the change to fund up to 70% of rail construction cost not to exceed $1M per project.

The following is a summary of the update to the Rail Industrial Access Policy Resolution, which will be presented for action in October:

- Increase total amount of grant funds per project to $1,000,000 from the current total amount of $750,000. Funds will be matched with a minimum 30% local or private match.

Source of State Funds: Industrial, Airport, and Rail Access Fund.

Recommendation: DRPT recommends the approval of this resolution.

Options: Approve, Deny, or Defer.