

Railroad Revolving Loan and Grant Program

Program Guidelines

The Railroad Revolving Loan and Grant (RRLG) Program is administered by the Office of Rail Transportation at the Iowa Department of Transportation. The program provides financial assistance to improve rail facilities that will create jobs, spur economic activity and improve the rail transportation system in Iowa in three separate categories:

- **Targeted job creation.** These rail projects are those that provide immediate, direct job opportunities. Loans and grants are available. Grant funding is contingent on job creation and retention commitments by the applicant and loans can supplement grants if the project cost exceeds that available in grant funding. A local match is required for both grants and loans.
- **Rail network improvement.** These rail projects are those that support existing rail lines and service or improve industrial access when no direct job creation is involved. Only loans are available in this category. Loans will be offered at 0 percent for a ten-year term. Loan requests require a 20 percent matching contribution.
- **Rail Port Planning and Development.** Grants of up to \$100,000 are available for planning studies that enable a community, county or region to make fact based decisions concerning the location, design or funding requirements for a rail port facility. The end result of a planning study should help decision makers evaluate rail development options that support industrial and business progress and economic growth in the community and region. Grant requests require a 20 percent matching contribution.

The Iowa DOT will quarterly determine if sufficient funds are available for an application review cycle. Application review typically occurs one time a year following the adjournment of the state legislature. When sufficient funds are available, a notice of funding availability is issued that includes an application due date and approximate amount of funding available. The Notice of Funding Availability will be published at the following link <https://iowadot.gov/iowarail/pdfs/NOFA.pdf>

General Provisions applicable to all RRLG applications/projects:

The following general provisions apply to all three categories of assistance. Eligible projects, project criteria, award limitations, and review processes for each category of assistance vary and are detailed individually below.

- Eligible applicants are cities, counties, development organizations, businesses, rail companies, and alliances of such organizations.
- Applications will be accepted on the forms provided by the Office of Rail, Iowa Department of Transportation. The application forms for each of the three categories of awards are available on the Iowa DOT Rail Transportation website at <https://iowadot.gov/iowarail/Financial-Assistance/rrlgp>

- Only applications submitted on DOT forms and completed in full will be reviewed.
- Applications will be accepted at any time.
- Projects are reviewed based on information provided in the application. The department reserves the right to request additional information or clarifications and conduct a site visit, if warranted or desired, to fully assess project.
- No part of a project may begin until a grant or loan agreement is signed, unless an advance eligibility waiver is obtained.
- An applicant may request a written advance eligibility waiver from the department for specified costs incurred prior to an award such as land acquisition and advance design costs. If granted, the waiver will permit a specified expenditure by the applicant without jeopardizing the project's eligibility for future funding approval. Granting a waiver shall not imply or guarantee that the department will fund a subsequent application. An advance eligibility waiver must be requested and approved prior to the expenditure; any cost incurred before a written waiver is granted will be ineligible for reimbursement.
- Both grants and loans require the applicant to provide a local match as detailed for each type of award.
- In-kind labor or materials may be considered for match if documentation can be provided to adequately quantify the in-kind contribution.
- Eligible project costs are reimbursed by the department upon receipt of appropriate documentation.
- Loans will be offered for a maximum term of ten years at 0% interest.
- Collateral for loans will be the track and materials used in the project.
- Staff will prepare a summary of eligible applicants to present to the Iowa Transportation Commission.
- Staff will review applications and prepare a recommendation for funding to present to the Commission for formal action at the next scheduled meeting.
- The Commission has the flexibility to award projects in any or all categories.
- Awards may be limited or reduced due to funding availability.
- Awards may take into consideration the number of projects and amount awarded to each in order to maximize the benefits of limited funding.
- Applicants must return a signed letter of award acceptance to Iowa DOT within 45 days of the award announcement.
- All agreements must be signed by the recipient within 180 days of award.

Targeted Job Creation Projects

All General Provisions above apply to Targeted Job Creation projects.

Eligible Projects: Rail infrastructure construction or improvements serving specific industries, industrial development projects, or industrial park development.

Provisions specific to Targeted Job Creation Projects

Job creation and quality wages are the top priorities for the program and will be reflected as such in the ranking process.

- Job creation is defined to include new direct jobs and retained jobs within three years of project completion. If a company chooses to claim retained jobs, they *must* provide evidence of potential job loss due to a plant closing or relocation of the business out-of-state.
- Jobs created or retained must pay a starting wage that meets or exceeds the 100% laborshed wage for the location of the project. Applications not meeting the laborshed 100% wage threshold will not be considered for funding.
- Combinations of grants and loans may be requested if a project request exceeds the allowed per job grant limit.
- Grant application requests require a minimum local contribution that matches the amount of the grant request. If requesting both a grant and a loan, a *minimum* local contribution that represents 20% of the total rail project cost is required. Greater consideration will be given to projects that meet or exceed the *preferred* match which represents a 50% match for grants as well as a 20% match for loans. See the table below to assist in calculations.
- As of March 2016, a maximum of \$12,000 per job may be awarded as a grant with a matching local contribution.
- If the requested grant amount cannot be fully awarded, a loan may be offered to fulfill the dollar amount requested.
- All projects must be completed within 36 months of the executed agreement. An extension of up to 12 months may be requested by the award recipient in writing and must be approved in writing by Iowa DOT.

Calculations

The following table may be used to help calculate your request and match, particularly if requesting both a grant and a loan. Projects which meet or exceed the preferred match may receive additional consideration.

Targeted Jobs Creation Worksheet			
<i>Complete cells shaded green</i>			
1. Calculate preferred grant and grant match.	Calculate Preferred Grant Request Match		
	Total Rail Project Cost		A
	Number of Jobs Created or Retained <i>(cannot exceed C divided by 12,000)</i>		B
	Maximum Allowable Grant Request <i>(\$12,000 per job BUT cannot exceed 50% of B)</i>	\$ -	C
	Requested Grant Amount <i>(Cannot exceed C)</i>		D
	Preferred Grant Match <i>(Must equal D)</i>	\$ -	E
2. If also requesting a loan, calculate the preferred loan and loan match.	Calculate Preferred Loan Request Match		
	Remaining Project Cost <i>(A minus D minus E)</i>	\$ -	F
	Maximum Allowable Loan Amount <i>(80% of F)</i>	0	G
	Requested Loan Amount <i>(cannot exceed G)</i>		H
	Preferred Loan Match <i>(25% of H)</i>	\$ -	I
	<i>Note: H plus I may not exceed G</i>		
3. For public or small entities with limited match funds: If requesting both a grant and loan, this alternative calculation maximizes the loan/grant by including a portion of the grant match within the loan.	Grant/Loan Combination Maximizing Loan		
	Total Project Cost <i>(from A)</i>	\$ -	J
	Maximum grant/loan total <i>(80% of J)</i>	\$ -	K
	Grant Request <i>(from D)</i>	\$ -	L
	Minimum Required Match <i>(25% of K)</i>	\$ -	M
	Maximum loan amount <i>(J minus L minus M)</i>	\$ -	N
<p>Range of Grant/Loan Combinations</p> <p><i>Applications that include the preferred grant or grant/loan combination match will receive greater consideration in order to maximize the available funding.</i></p>	Preferred Grant/Loan Combination Minimizing Loan		
	Requested Grant Amount <i>(from D)</i>	\$ -	Preferred Match - Minimizes Loan Amount
	Requested Loan Amount <i>(from H)</i>	\$ -	
	Preferred Grant/Loan Match <i>(E plus I)</i>	\$ -	
	Grant/Loan Combination Maximizing Loan		
	<i>(financing a portion of the grant match within the loan)</i>		
	Requested Grant Amount <i>(from L)</i>	\$ -	Minimum Match - Maximum Loan (for public and small entities lacking preferred match)
	Requested Loan amount <i>(from N)</i>	\$ -	
	Minimum Grant/Loan Match <i>(from M)</i>	\$ -	
3/2/2016			

[Download a copy of this Excel spreadsheet](#)

Review Process for Targeted Job Creation Projects

Following the application deadline published in the notice of funding availability, department staff will calculate and tally the numerical score for each applicant meeting the threshold wage criteria. In addition, the transportation, economic and public benefits as presented in the application will be considered as a part of the review process.

Step 1: Wage Threshold

If jobs identified by the project do not pay a starting wage meeting or exceeding the 100% laborshed wage, the application will be excluded from further consideration. The laborshed wage thresholds can be found at <https://www.iowaeda.com/wage-requirements/>

Step 2: Quantitative Score

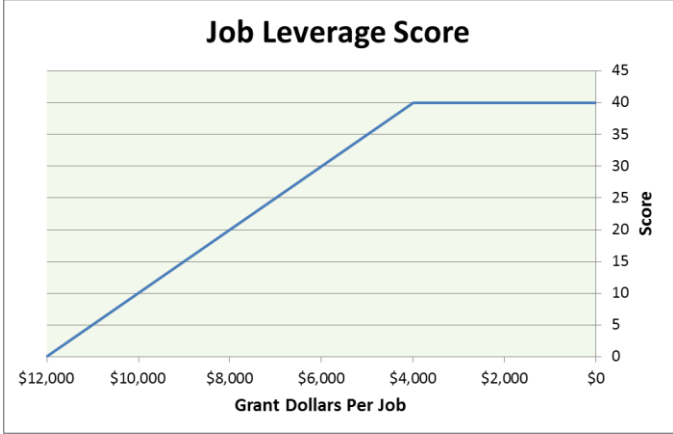
Applications are scored on a 100-point scale:

- 1. 40 points for jobs leverage score,
- 2. 20 points for wage quality score, and
- 3. 20 points for capital investment leverage score, and
- 4. 20 points for loan leverage score.

1. Job Leverage Score (cost per job)

- a. Calculate the maximum allowable grant for the applicant using a maximum of \$12,000 per job created or retained
Example: If an applicant will create 20 new jobs then the maximum grant will be \$240,000 or \$12,000 times 20.

- b. The grant dollars invested per job is applied to a 40-point scale. Jobs that are created for \$12,000 in grants per job receive 1 point and jobs created for \$4000 or less per job in grant funds receive 40 points as illustrated in the chart below.

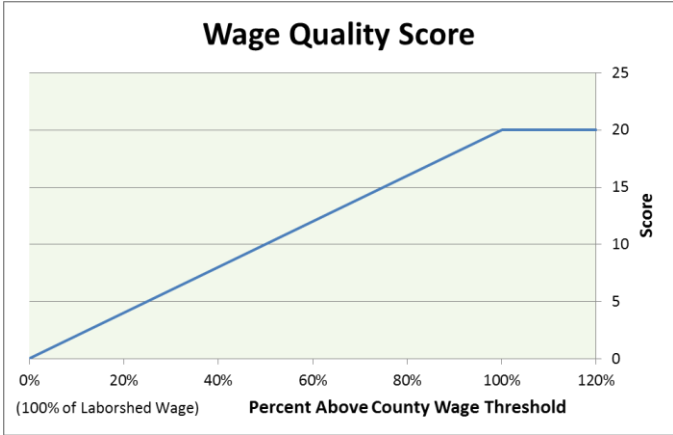


c.

2. Wage Quality Score

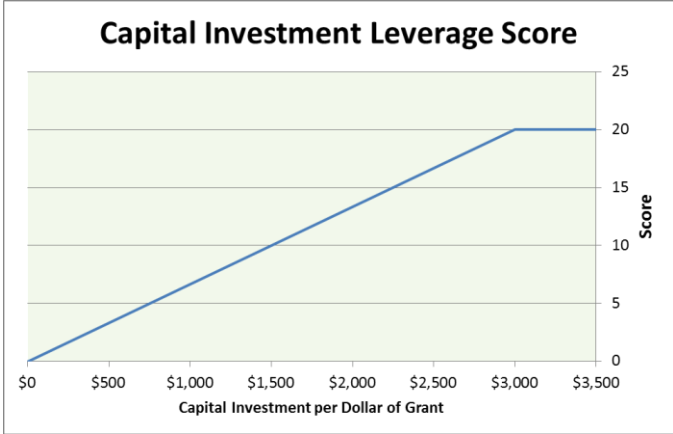
This score is calculated by taking the percentage the project’s wage is above the 100% laborshed wage and multiplying by 20

Example: If the applicant is creating jobs at 50% higher wages than the county average they will receive half of the 20 points or a 10 “Wage Quality Score”.



3. Capital Investment Score

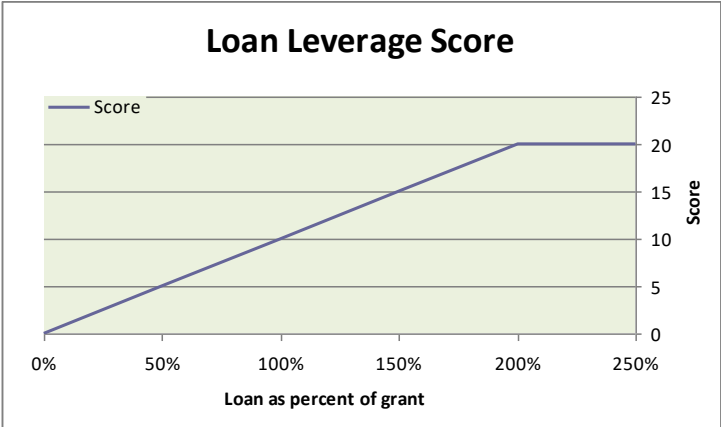
Capital investment is defined as all moneys invested for the overall project development, excluding the total dollar amount requested in grants and loans from the RRLG program. The total capital investment is capped at \$25 million for scoring purposes.



- a. The total capital investment is divided by the maximum allowable grant or the requested grant amount (whichever is lower), to establish the amount of the capital investment per dollar granted by the RRLG program.
- b. This value is then applied to a 20-point scale with \$3000 private investment per \$1 granted equivalent to 20 points as illustrated in the chart below.

4. Loan Leverage Score

The loan leverage score is calculated based on the relationship of the loan amount requested to the grant amount requested. For example, if the loan amount requested is twice the grant amount requested, the applicant would receive 20 points. If the two are equal, the applicant would receive 10 points. If no loan is requested, the applicant would receive no points in this category.



Step 3: Qualitative benefits

The transportation, economic, public and other benefits of the project as presented in the application will be reviewed and considered by the review team in recommending awards.

Rail Network Improvement Projects

All General Provisions above apply to Rail Network Improvement Projects

At the beginning of each state fiscal year (July), the department may set aside at least ten percent or a minimum of \$200,000 of the total amount of available Rail Revolving Loan and Grant funds for Rail Network Improvement projects. These projects are not dependent on job creation. Improvement projects support the sustainability of the existing rail system in Iowa and assist industry in building or improving rail infrastructure in the absence of verified job creation.

Eligible projects:

Projects include but are not limited to

- rail yard improvement or expansion and, rehabilitation or construction of branch lines or passing track, and bridge repair or replacement
- industrial park development without a specific committed business and associated jobs
- Improvement or creation of industrial spurs or other rail infrastructure that adds or improves access of industry to the rail transportation network.

Provisions specific to Rail Network Improvement Projects (note General Provisions above that apply to all RRLG projects:

- Loans will be offered for this category of funding
- Loan application requests require a minimum local match of 20% of the proposed rail project cost (the loan request multiplied by 25%).
- Immediate job creation is not required.
- All projects must be completed within 36 months of the date of the executed agreement. An extension of up to 12 months may be requested in writing by the award recipient and must be approved in writing by Iowa DOT.

Review Process for Rail Network Improvement Projects

Following the application deadline published in the notice of funding availability, department staff will use the following criteria from the application to evaluate projects.

1. *Calculate the ratio of private/other public capital investment dollars to RRLGP public investment in the rail project*

Total private and public rail investment, excluding requested RRLG loan divided by RRLG program loan requested. This provides the dollars invested by others per dollar of RRLG investment.

2. *Analyze other transportation, economic and public benefits*

Application will be reviewed to determine the benefits provided by the project, including but not limited, to the following:

- a. What are the immediate benefits to shippers as a result of this project?

- b. Are there additional sales opportunities to shippers?
- c. What are the projected economic impacts of the rail development for the community? For the region? Examples include possible or likely job creation, increase in tax base, increased wages, expansion of related economic activity, etc.
- d. Are there expected private and public investment supporting the proposed rail project?
- e. What are the projected transportation savings and benefits from the proposed project? Examples include diversion of truck traffic from highway system, a reduction in dwell time, increased capacity, etc.

Rail Port Planning and Development Program

All General Provisions above apply to Rail Port Planning and Development projects

Eligible Projects:

Eligible projects include planning and development studies that collect data and information that enable a community, county or region to make fact-based decisions concerning the location, design or funding requirements for a rail port facility. The end result of a planning study should help decision makers evaluate rail development options that support industrial and business progress and economic growth in the community and region.

Provisions specific to Rail Port Planning and Development Projects

- Grants will be offered for this category of funding.
- Immediate job creation is not required.
- Grants are offered for a maximum of \$100,000 per individual applicant
- Grant application requests require a minimum cash match of 20% of the proposed planning and development study cost (the grant request multiplied by 25 %.)
- All studies are expected to be completed within 18 months of the date of the executed agreement. An extension of up to 12 months may be requested in writing by the award recipient and must be approved in writing by Iowa DOT.

Review Process for Rail Port Planning and Development Studies

Following the application deadline published in the notice of funding availability, department staff will use the following criteria from the application to evaluate projects using a 100 point scale.

1. Existing / Site Information **20 possible points**
What is currently known about the potential site or sites that will be included in the study.
2. Goals of the study **50 possible points**
Details on the goals of the study, the research to be conducted, and the study time frame.
3. Organizational Structure and Capacity **30 possible points**
Information on the organization overseeing the study.