



Department of Transportation Division of Secretariat

700 East Broadway Avenue
Pierre, South Dakota 57501-2586
OFFICE: 605/773-3574
FAX: 605/773-2804

TO: Requesters for Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program Grant applications

FROM: Joel Jundt, Deputy Secretary

DATE: July 25, 2018

SUBJECT: Proposals and supporting information regarding potential CRISI Grant applications

On July 19, 2018, the U.S. Department of Transportation's (USDOT) Federal Railroad Administration (FRA) issued a Notice of Funding Opportunity (NOFO) for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program. The announcement identified more than \$318 million in grant funding from the Consolidated Appropriations Act of 2018 with at least 25 percent of available funds geared towards rural communities. In addition, the announcement identified selection preference will be given to projects with a 50-percent non-federal funding match from any combination of private, state, or local funds. The USDOT will also consider how well the project aligns with key Departmental objectives including supporting economic vitality; leveraging federal funding; preparing for life-cycle costs; using innovative approaches to improve safety and expedite project delivery; and holding grant recipients accountable for achieving specific, measurable outcomes. Requesters are encouraged to view the NOFO at: <https://www.fra.dot.gov/Page/P1120>.

The August 1, 2018 State Railroad Board meeting is an opportunity for the Board to receive written report and supporting information from interested parties desirous of the State submitting a CRISI grant on behalf of the party and/or desirous of receiving potential expenditures from the State Rail Trust Fund to support proposed CRISI Grant applications. The written report should include information identifying how the project will adhere to the goals established under the State Rail plan. These goals are as follows:

- **Support Economic Growth and Development**
South Dakota business, industry, and government leaders continue to emphasize the importance of statewide economic growth and development activities. The State's rail plans, investments, and policies should support these local and regional economic development efforts by seeking to increase local freight handling capacity and capabilities, developing and promoting local freight connections, and linking rail investments to actions that support economic development.
- **Ensure Connectivity for Critical Industries**
Provide competitive, efficient, and reliable rail connections to existing and emerging industries helps lower the cost of doing business in the State, broadens the market

reach for South Dakota products, and is a critical component of business attraction and retention strategies. Through competitive rail access, targeted infrastructure investments, coordination with neighboring states, and rail-focused policy development, South Dakota should ensure that key State industries have competitive and efficient links to the transcontinental freight rail network, a reliable network, and have access to all domestic and international markets.

- **Maintain State Railroad Assets in a State of Good Repair**

Over the years, the State of South Dakota has acquired numerous small rail lines that primarily provide local service and serve as last-mile connections for local industries to the transcontinental freight rail network. The State purchased these lines as they were threatened for abandonment, and today many have significant capital and ongoing maintenance needs. The State of South Dakota should ensure that rail-focused asset management programs are in place and rail investments are made to preserve these assets and increase their public value.

- **Reduce Highway Impacts**

Rail service across the state reduces impact to the state highway system. Enhancement of critical segments that maintain this valuable reduction in truck traffic represent worthwhile investment opportunities. Conversely, there are areas within South Dakota described as “transportation disadvantaged” due to their lack of rail service. This situation results in two key outcomes: the lack of access to rail and rail-served facilities (e.g., grain elevators) leads to higher transportation costs for producers in the region who must rely on trucks to get product to market; and the use of truck transportation in lieu of rail places a higher burden on the highway system, both in terms of weighted load and truck vehicle miles traveled. The State should support investments and policies that encourage local economic development, and reduce the use of the highway system for long-distance freight movements whether that be by investment in existing lines or investment in new lines.

- **Improve Railroad Safety, Security and Resiliency**

Ensuring the safety, security, and resiliency of South Dakota’s railroads goes hand in hand with the goal of supporting economic growth and development. The State’s rail policies should seek to improve railroad operations by developing and implementing rail safety measures, conducting rail safety public awareness programs, improving the safety of highway-rail grade crossings, assessing the system for external vulnerabilities, and protecting the security of rail technology, assets, and people.

The written report should also include information identifying the statewide benefit achieved, and the overall calculated Benefit Cost Analysis (BCA) if available for the project (data may be provided after the August 1st meeting. The deadline for submission of data supporting a claim of benefit is due by 11 a.m. August 10th). At a minimum, the narrative will demonstrate in economics terms the merits of investing in the proposed project. If State funds are being requested as part of the funding for the CRISI grant, the written report should emphasize the projects overall benefit to the public and the state.

The written report will include the following information:

- Narrative describing how the project will:
 - Support Economic Growth and Development
 - Ensure Connectivity for Critical Industries
 - Maintain State Railroad Assets in a State of Good Repair
 - Reduce Highway Impacts
 - Improve Railroad Safety, Security and Resiliency

- Narrative Describing:
 - Project Summary (project location, scope, and schedule)
 - Project Track Sought (track 1-planning; track 2-PE/NEPA; track 3-final design/construction; or track 4-research, safety programs and institutes)
 - Proposed Project Funding (Federal, State, Other)
 - Project Readiness
 - Plans Readiness
 - Environmental Readiness
 - Overall Benefit with accompanying BCA ratio if available
 - Proposed responsible party tasked with developing the application
 - Proposed funding for creating the application

Send all written reports to the Department of Transportation by 11:00 a.m. August 1st. The written reports should be 10 pages or less. The State Railroad Board will provide an opportunity for presentations at the August 1, 2018 Railroad Board Meeting. Following the meeting, supporting data may be provided as described above by 11:00 a.m. August 10th.