



Minnesota Rail Service Improvement Program Rail Line Rehabilitation

Purpose: To rehabilitate economically viable, but deteriorating rail lines serving Minnesota.

Program Participants: Rehabilitation projects must include the Minnesota Department of Transportation (Mn/DOT), rail users, and the railroad(s). Parties must participate financially in a project and comply with terms of a negotiated contract. Contract participation by a party may include in-kind contributions if agreed to by all parties. A detailed description and fair market value of all in-kind participation must be clearly defined in the contract.

Eligibility: A rail line is eligible for rehabilitation funding if it:

- 1) Does not comply with FRA Class II Track Safety Standards or it does not have the required structural capacity to support rail cars of 263,000 pounds;
- 2) Is within the physical boundaries of, or predominantly serves rail users in Minnesota.

Priority Criteria:

- 1) The availability of state or federal program funds.
- 2) Probability of the rail line continuing in profitable service after the project is completed.
- 3) The costs of the project compared to the benefits resulting from the project.
- 4) Financial participation/commitment by rail carrier and rail user(s) in the project.
- 5) The significance of the line in relationship to the entire state rail system and
- 6) The impact on state, county, and city access roadway as if the funding is not provided.

Standards: Rehabilitations under this program must allow the use of rail cars with a gross weight of 263,000 pounds; allow trains to operate safely at a minimum speed of 10 mph; and, provide the required level of service agreed to by the contracting parties.

Project Funding:

- 1) The state may loan up to 70 percent (80 % if the line is owned by a regional rail authority) of the total project cost to the rail carrier.
- 2) Rail users must loan at least ten percent of the project cost to the rail carrier, and;
- 3) The rail carrier must provide at least 20 percent of the project cost.

Repayment Requirements: The rail carrier must reimburse users for funds loaned under a formula based on usage of the line or a predetermined fixed amount. Repayment is by terms negotiated between the carrier and user, and approved by Mn/DOT. The rail carrier must repay funds loaned by the state in accordance with the terms negotiated and stated in the rehabilitation contract. Payments must be made on a set schedule and be sufficient to repay the loan with 15 years from the execution of the contract. The rehabilitation contract must provide for an extension of time if service is stopped or reduced by events beyond the control of the parties to the contract unless the cessation or reduction is the result of diminished demand for service.