



FREIGHT ECONOMIC DEVELOPMENT PROGRAM

Through its Freight Economic Development Program (FEDP), MDOT's Freight Services & Safety Division provides low interest loans to businesses locating or expanding in Michigan which require rail service, or to entities interested in assisting these businesses. These loans, which may be for as much as 50 percent of the cost of the rail infrastructure, are made at a minimum interest rate of two percent below the prime rate in effect. FEDP's participation is limited to the rail infrastructure itself. Associated facilities specifically related to the applicant's shipping or receiving operation, such as silos or unloading mechanisms, are not eligible for funding. Loans are set to be repaid over a five-year period, but can be totally or partially forgiven provided the facility is properly maintained and annual shipping commitments (built into the contract) are met. If the shipping commitments are met for each of the five years, the loan is effectively converted to a grant. The applicant must supply collateral for the loan in the form of an irrevocable letter of credit.

Applications are accepted at any time of the year. Information requested from the applicant includes the number of jobs to be created or retained, projected annual rail usage, total investment by all parties (including the serving railroad), expected impact on the local economy, and the viability of other transportation options. After first passing an internal review process, all loans must be approved by the State Transportation Commission and the State Administrative Board. This process typically takes up to 60-90 days. Any costs incurred prior to the execution of an agreement between the applicant and MDOT are the sole responsibility of the applicant.

Priority is given to projects which can demonstrate multiple users or the potential for future public use, such as spur tracks into new or expanding industrial parks or transloading facilities. The number of jobs created or retained, volume of anticipated rail use and relative project cost are other important considerations.

Forward completed applications to:

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**STANDARD INFORMATION ITEMS REQUESTED
FOR FREIGHT ECONOMIC DEVELOPMENT LOAN APPLICATIONS
MICHIGAN DEPARTMENT OF TRANSPORTATION**

- **Identity of applicant (industry, city, EDC, etc.).** Please note that the applicant must have control of the property on which the rail improvements that are the subject of this application will be constructed, either through ownership, easement or long-term lease.
- **Description of proposed project (including rough plans).** If the proposed project includes a new public grade crossing or will impact an existing public crossing, please contact MDOT's Rail Safety Section at (517) 335-2592 to request a diagnostic study team review. This process could take up to three months.
- **Amount of loan/grant funding requested (including general cost breakdown).**
- **Proposed users of facility and number of rail carloads each commits to generate annually.**
- **The public use of, or benefit from, the facility as perceived by the applicant.**
- **Projected employment and other economic development information relating to the project.**
- **Identities of other partners in the project and details of their contributions, as well as the contribution of the applicant.** Be sure to include contributions, if any, from the serving railroad.
- **A commitment from the applicant to provide collateral for the loan in the form of an irrevocable letter of credit.**
- **Information to show that other transportation options have been considered and why rail is deemed to be the preferred option.**
- **Projected dates for the construction of the rail improvements and for the start-up of the new or expanded facility.**