

MICHIGAN RAIL ENHANCEMENT GRANT PROGRAM - FREQUENTLY ASKED QUESTIONS

REVISED 9/26/2024

ELIGIBILITY

1. Who is eligible to apply?

Eligible applicants include freight railroads and owners of multi-user transload facilities. A Letter of Support from the serving railroad must be included with the application if the applicant is not a freight railroad.

2. I'm don't currently own a multi-user transload facility, but I'm interested in developing one...am I still eligible to apply?

Yes, provided the transload facility will serve multiple users at project completion.

3. What types of projects are eligible?

- Fixed assets such as track, ties, bridges, crossings, rail scales on mainline corridors and at rail yards, intermodal facilities, and transload facilities are among the eligible project types.
- Movable equipment and/or rolling stock (new or used) may be considered if plans are submitted that adequately address proof of Michigan-specific use.

4. What projects/items are ineligible?

- Professional engineering services (design engineering, geotechnical investigation and analysis, construction engineering, inspection, material testing, surveying, etc.).
- Permit fees
- Property or right-of-way acquisition

5. Is there an application deadline?

Yes. For fiscal year 2025, the call opens on October 3, 2024, and closes on November 22, 2024. All applications must be received by 11:59 p.m. on November 22, 2024, to be considered eligible for FY 2025 funding.

FUNDING

1. How much funding is available?

MDOT's Fiscal Year 2025 budget included boilerplate language that directs MDOT to use \$20M of its rail appropriations specifically for freight rail projects. Some of this requirement may be met through other efforts, like the Freight Economic Development Program.

2. Is there a maximum grant amount?

Yes. Grants are capped at 70% of the final eligible project costs up to a maximum of \$5 million.

3. Is there a minimum grant amount?

No.

4. Are matching funds required?

Yes, matching funds equal to at least 30% of the project costs are required. Providing more than 30% match will be viewed favorably.

5. Can I use donated materials or in-kind services as match?

No, match is cash-only.

6. Can I submit more than one application per round?

Yes, but the total grant amount cannot exceed \$5 million per applicant, per project solicitation and/or MDOT fiscal year. A holding company with multiple railroads is considered an applicant and is subject to the \$5 million maximum grant request.

7. A company has a lease on our railroad's property and wants to apply for funding under their own name...does that count against our \$5 million cap?

The cap applies to applicants so it would not count against the railroad's cap. A Letter of Support would be required from the serving railroad for what would essentially be a competing application.

8. Can I apply for more than \$5 million?

Yes, you may submit applications that in total request more than \$5 million in MDOT contribution, but MDOT will select only the most competitive project(s) that don't exceed a combined \$5 million.

APPLICATION

1. What supporting documentation must accompany the application?

- A map of project area.
- A letter of support from the serving railroad (if the railroad is not the applicant).
- Plans/drawings of proposed project with project elements clearly identified.
- A detailed construction cost estimate.

2. Can I attach additional documents?

Yes. The documents mentioned above are REQUIRED but other documents can also be attached.

3. I ran out of space in one the text fields...can I attach another sheet?

Yes, additional documents can be attached if more space is needed. However, please complete all fields of the application rather than only referencing the attachments.

4. I'm submitting multiple applications...can I rank them in order of priority?

Yes, but applications will still only be evaluated on how well they align with the goals of the program; your ranking will not affect how the application is scored.

5. How specific do I need to be regarding the commodities being shipped?

If specific commodities or individual companies cannot be listed because of privacy or safety concerns, indicate the industries that would benefit from the rail project. Refer to the [MDOT Rail Commodity Flow Map](#) for how MDOT publicly discloses this information.

6. Is the information contained in my application subject to the Freedom of Information Act (FOIA)?

Yes. Your completed application and all accompanying documents are subject to FOIA requests.

7. Are track materials subject to Michigan sales tax?

Yes, track materials are subject to Michigan's sales tax and these costs should be incorporated into your project budget.

8. What are some examples of public benefits?

As these are public funds, applicants are required to identify project-related benefits that extend beyond the company/applicant and into the community and state. Additionally, applicants are encouraged to address why public funds are being sought to complete the project. Examples of public benefits include:

- Safety improvements that reduce the likelihood of derailments.
- Improving track conditions to allow for increased speeds and efficiencies.
- Increasing the carload volume on the section of track proposed for improvements.
- Reducing carbon emissions by increasing the volume of materials shipped by rail rather than truck.
- Reducing grade crossing blockages.
- Providing rail-related benefits in underserved areas of the state.

9. What are some examples of performance measures?

Performance measures define how the proposed public benefit will be evaluated. Examples could include:

- Identifying the locations in which wayside defect detection equipment was installed and submitting annual statements detailing any derailments in the project area.
- Providing the General Order from the Federal Rail Administration noting the track's change in classification.
- Submitting track charts that document the maximum operating speeds over the section of track before and after project completion.
- Identifying the number of defects identified in the project area before and after project completion.
- Submitting employee timetables before and after project completion.
- Documenting the actual number of carloads carried over the section of track before and after project completion.
- Submitting emission calculations before and after project completion.
- Measuring the length of time crossings are blocked before and after project completion.

APPLICATION REVIEW AND SELECTION PROCESS

1. Who reviews the applications?

Reviewers include staff members from the MDOT Office of Rail and the MDOT Bureau of Transportation Planning.

2. How are project proposals evaluated?

Applications are evaluated by how well the proposed project improves public safety, operational efficiency, system accessibility, system capacity and/or system condition to better serve customers, communities and/or the State of Michigan. Supplemental measures that meaningfully capture additional public benefits will also be viewed favorably.

Other evaluation factors include overmatch (more than the required 30%), the project's inclusion in the state's long-range transportation plan (MM2045), the proposed public benefits and performance measures, and the overall quality and completeness of the application and supporting documents.

3. When will funding decisions be made?

Funding decisions will be made within 90 days of the application deadline.

CONTRACTING PROCESS AND TIMELINES

1. How long will it take to get a contract in place?

It typically takes 6-8 weeks to get a contract in place.

2. What are the contractual requirements for M-REP projects?

A standard M-REP contract will be provided for all selected projects and not individually negotiated. Key terms are listed below. A sample contract will be provided to applicants with selected projects. A project contract will be provided through MDOT's digital signature system to the authorized signatory.

3. Who is authorized to sign contracts with MDOT on my company's behalf?

MDOT uses a cloud-based digital signature software called OneSpan for signing contracts and contract amendments. MDOT must have a valid Signature Resolution or [Consultant Data and Signature Sheet \(MDOT Form 5100J\)](#) on file that specifies the officials who are authorized to digitally sign documents at your company.

If you do not have a Certified Signature Resolution or Consultant Data and Signature Sheet on file, then one or the other must be submitted before any contracts can be awarded. The Certified Signature Resolution or Consultant Data and Signature Sheet can be submitted prior to returning the contract or submitted along with the contract.

INVOICING/PAYMENT

1. Is this a reimbursement program?

Yes. MDOT will typically reimburse eligible costs at the completion (and inspection) of the selected project.

2. Can any grant funds be disbursed prior to construction?

If necessary to start a project, a portion of the grant funds can be disbursed when the contract with MDOT is signed. Up-front assistance is limited to 25% of the grant amount, and collateral will be required in those cases. Applicants need to indicate if this assistance is necessary in the application.

3. What will MDOT accept as collateral if we request the 25% advance?

We will entertain all collateral proposals, the most common of which are Letters of Credit and UCC-filed material collateral, such as stockpiled rail.

4. Our credit is supplied by a private company...can they write the letter of credit for us?

No, letters of credit must come from a bank or other financial institution.

5. Our project is expensive and will be difficult to undertake with only a 25% up-front payment. Can we request periodic payments throughout construction?

No, the 25% payment is the only pre-payment option.

6. Some of the work on our project has already been completed. Can we get reimbursed for the completed work?

This program, like most MDOT programs, will typically only cover costs that were incurred after a contract is in place.

7. If we finance our project (as opposed to paying cash), can our finance costs count towards to the match requirement?

No, if an applicant's match is financed, those costs will not be eligible for reimbursement, nor will they count as match.

KEY CONTRACT TERMS

1. How long do I have to complete my project?

Projects must be completed within three years from the contract award date.

2. Must all work be contracted, or can some be done in-house?

Work can be self-performed and/or contracted.

3. Are there any special requirements if I contract the work?

Yes. Competitive bidding is required in certain circumstances and Michigan-based companies must be used whenever practicable. Contractors must also abide by the terms and conditions of the MDOT contract.

4. If I contract the work, do I have to choose the lowest qualified bidder?

Yes, in most cases. Selection justification must be provided if the low qualified bidder is not selected. This decision should be made in consultation with the MDOT project manager.

5. If we were to purchase equipment associated with the work, can the depreciation expense count toward the match requirement?

No, depreciation cannot be counted as match.

6. If a railroad uses its own equipment, can those costs be reimbursed?

If the railroad uses its own equipment (newly purchased or already owned) to construct the project, MDOT will reimburse in accordance with Blue Book rental rates for the time in which equipment use is documented for the project.

7. Are there any environmental requirements that need to be met?

The grantee is responsible for meeting all applicable environmental requirements. There are no unique environmental requirements related to this funding.

8. What are the reporting requirements once the project is completed?

Reporting requirements will be based on the proposed performance measures. Grantees will be required to report their performance measures at least twice: once no later than two years after project completion, and once not later than five years after project completion. In some cases, a baseline measurement will also be required. The reports/measurements must be submitted within 90 days of a mutually determined date that will be established before MDOT makes the grant payment.