

FREIGHT RAILROAD PRESERVATION PROGRAM
SFY 2011

PART I - APPLICATION INSTRUCTIONS

SECTION 1.0 INTRODUCTION

The Freight Railroad Preservation Program (FRPP) documents are composed of four parts. Part I contains the information needed for applying for financial assistance under the program. Part II contains the description of the process used by the department to rate and rank proposed projects for funding. Part III contains the description of the categories of assistance. Part IV contains the forms to complete the application.

We recommended that a potential applicant review all parts prior to initiating the application process.

Wisconsin Statutes Chapter 85.077 enacted in July of 2009 requires that railroad rehabilitation and construction projects funded in any part with public funds be let to competitive bids and awarded to the lowest responsible bidder. As a result, with limited exceptions, all FRPP projects over \$25,000 will be required to be competitively bid.

SECTION 2.0 ELIGIBLE APPLICANTS AND SUSTAINABLE OPERATIONS

SUB. 2.1 ELIGIBLE APPLICANTS

Under statutory authority {s. 85.08(4m)(b)1}, an eligible applicant must be a county, municipality, town or agency thereof, a railroad, a current or potential user of freight railroad service or a transit commission organized under s. 59.58(3), s. 66.0301, or s. 66.1021.

SUB. 2.2 ELIGIBLE LOCATION FOR PROJECTS

Any project under the rail preservation program must be located on or directly associated with either a publicly-owned rail line or an abandoned rail line as defined under s. 85.09(3), Wis. Stats., except that a non-abandoned rail line may be the subject of an acquisition for continued freight railroad operation project.

SUB. 2.3 DETERMINING ABILITY TO SUSTAIN RAILROAD OPERATIONS

2.3.1 Requirement for Determining Ability to Sustain Railroad Operation.

Except for a rail bank project or a substitute service project not resulting in the provision of freight railroad service, the operator of rail freight service using or serving the project facility must be deemed by WisDOT capable of sustaining railroad freight operations.

2.3.2 Process for Determining Ability to Sustain Railroad Operations.

The proposed rail freight service operator shall be deemed capable of sustaining operations upon satisfying ALL of the following criteria:

(a) Operator is able to demonstrate immediate and continuous access upon demand to start-up operating capital in an amount exceeding 200% of the operator's projected gross revenue for the first twelve months of operation. Assistance match funds are not start-up capital. One year's depreciation of operating equipment (locomotive(s), rail cars, etc.) owned debt free by operator may be credited as start-up capital.

(b) The sum of the gross revenue projected by the operator for the first three years of operation is less than the amount derived by multiplying the average per car revenue retained by the prior operator over the three years prior to public acquisition by 1.5 plus the start-up capital amount identified in (a) above.

(c) The sum of 25% of the total projected gross revenue for the first three years of operation plus 50% of the start-up capital amount divided by the mainline track miles of the system operated exceeds \$2,500.

SECTION 3.0 ELIGIBLE PROJECTS

SUB 3.1 RAIL BANKING PROJECTS

A rail bank project is one in which the land corridor and the improved property thereon (track, bridges, etc.) is acquired and held in public ownership for up to ten years for the purpose of restoring freight railroad service on it at an indefinite future date when such restoration would be economically justified.

SUB 3.2 ACQUISITION FOR CONTINUED OPERATION

An acquisition project for continued rail freight operation consists of the public acquisition of a rail line for immediate continuation of rail service after the line has been abandoned by a private railroad.

SUB 3.3 TRACK AND/OR BRIDGE REHABILITATION PROJECTS

A rehabilitation project consists of a one-time rehabilitation of the track structure and/or bridges on a publicly owned or previously abandoned line to enable freight train operating speeds of up to 25 mph and gross loaded freight car weights of 286,000 lbs. A rehabilitation project may include side tracks and that portion of industrial spurs and yards that are located on publicly-owned rail corridor real estate or within 33 feet of the centerline of the through (main) track on a previously abandoned line if they are needed for active rail freight service. Track segments that have been the subject of a prior rehabilitation grant under a WisDOT program are generally not eligible for further assistance under this program. As determined by WisDOT, additional assistance may be available for improvements needed to meet new standards established by WisDOT.

SUB 3.4 TRACK CONSTRUCTION PROJECTS

Construction projects are limited to new track facilities on a new location or alignment that serve as a substitute for and are less costly than an acquisition or rehabilitation project that otherwise would be required to preserve rail freight service. Land acquisition required, if any, is not eligible for assistance.

SUB 3.5 SUBSTITUTE SERVICE PROJECT

A substitute service project is a project where a fixed capital facility is provided under assistance from this program as a lesser-cost substitute for an acquisition or rehabilitation or construction project. Assistance for the substitute facility is limited to that necessary to provide the functional service equivalent of the facility for which substitution is being made. If the applicant elects to upgrade the function of the new facility beyond an equivalent replacement, the upgrade may be done but solely at applicant's expense. An example of a substitute facility is assisting with a bulk commodity transloading site on a nearby rail line instead of acquiring and rehabilitating miles of abandoned line. Another example is rehabilitating and connecting a portion of an abandoned line to a different line continuing under operation.

The amount of assistance is limited by the estimated cost of preserving service at the current facility. First priority for funding would be for rail facilities at the new location to be functionally equivalent to those lost.

SECTION 4.0 ASSISTANCE APPLICATION AND AWARD PROCESS

SUB 4.1 APPLICATION FILING

4.1.1 Applications for freight railroad preservation assistance are to be filed with the WisDOT Railroads and Harbors Section (RHS) addressed as follows:

U.S. Mail:

Chief, Railroads and Harbors Section
Wisconsin Department of Transportation
P.O. Box 7914
Madison, Wisconsin 53707-7914

Delivery Service:

Chief, Railroads and Harbors Section
Wisconsin Department of Transportation
4802 Sheboygan Ave., Room 701
Madison, WI 53705

4.1.2 Application Dates.

(a) Applications for rail banking or acquisition for continued operation or substitute service may be filed at any time.

(b) Applications for track and/or bridge rehabilitation or track construction must be filed on or before 4:00 p.m. February 1, 2010.

4.1.3 Application Documents.

(a) Section IV of this document contains the forms necessary for

making application for assistance funds. Only those forms pertinent to the project need be filed. Forms labeled General 1 through 4 must be filed with every application.

(b) The form labeled Qualifications and Operations Plan (Q&O) must be filed with any application for assistance for acquisition for continued operation. It must also be filed with an application for assistance for track and/or bridge rehabilitation, if this application is filed more than two years after the subject line was acquired. This requirement may be waived when, in the sole judgment of RHS, sufficient information is already known to RHS.

4.1.4 In order to gain full understanding or greater clarification of the contents of an application, it may be necessary for RHS to schedule and hold an application conference or conferences with the applicant and other involved parties, if any.

SUB 4.2 ASSISTANCE AWARD

4.2.1 Rail Bank Projects, Acquisition for Continued Operation Projects, and Substitute Service Projects.

(a) The project proposal will be rated and ranked according to the applicable criteria described in Section II herein.

(b) The applicant will be notified in writing of the award decision within 30 days of RHS receiving all initial and subsequent, if necessary, application information.

(c) An assistance agreement must be signed by applicant within 60 days of the notice of award. Upon the expiration of 60 days and absent an executed agreement, the award is canceled.

4.2.2 Track and/or Bridge Rehabilitation and Construction.

(a) The project proposal will be rated and ranked according to the applicable criteria described in Section II herein.

(b) The applicant will be notified in writing of the award decision on or before July 1, 2010 provided all necessary application data has been provided by May 15, 2010.

(c) An assistance agreement must be signed by applicant by February 1, 2011. Absent an executed agreement, the award is canceled.

SUB 4.3 ENVIRONMENTAL REVIEW

The satisfaction of all environmental review and permit requirements as may be needed are the responsibility of the applicant and must be completed prior to the execution of an assistance agreement.

FREIGHT RAILROAD PRESERVATION PROGRAM

PART II - PROJECT SELECTION PROCEDURE

SECTION 1.0 PROJECT SELECTION POLICIES

SUB 1.1 PURPOSE OF QUALIFICATION AND RANKING

The department seeks to assist projects that generate current or future transportation efficiency benefits as well as broader public benefit. In order to evaluate proposed projects, criteria set forth in Section 2.0 below are used. Proposed projects are rated on each criterion. The rating generates a point score for the purpose of establishing a project's qualification for funding and the rank of individual qualified projects for funding priority.

SUB 1.2 USE OF QUALIFICATION AND RANKING

A score of 30 points or greater is required for a proposed project to qualify for assistance. This threshold score is attainable by a project exhibiting a transportation efficiency ratio of 1.0 or by a project with a somewhat lesser ratio scoring points on other criteria. Qualified projects are then ranked by total point score. The rankings are subsequently used to determine which applicants receive offers of assistance. Offers are made to applicants in rank order until program resources are no longer able to cover estimated project costs.

SUB 1.3 DIFFERENCES IN CRITERION USE

It is not possible to establish a transportation efficiency benefit/cost ratio for a rail-banking project given the fact that no rail operations are initially contemplated. Thus, if a banking project meets the physical characteristics set forth under Sub. 2.2 of this Part, the project is awarded 30 points in lieu of B/C points.

Furthermore, banking and acquisition project timing is controlled by the entities outside. Therefore, banking and acquisition projects will not compete for funding with other project types, but will compete among themselves.

SUB 1.4 RELATION OF RANK TO FUNDING

The rank of a project determines two things. First, is it a project for which project assistance is justified (qualification score of 30 or more)? Second, if qualified, what priority does the project have over qualified competing projects for funding? The ranking process has no influence on the format of the assistance award package offered.

It is possible for an eligible project to be funded outside of rank order. If a lower ranking project can be funded within remaining resource limits while a higher-ranking project would exceed those limits, the lower ranked project may be funded if the applicant for the higher-ranking project does not accept only the portion of its request able to be funded

within resource limits.

SUB 1.5 LATE SELECTION

In the event circumstances develop which indicate limits on resources change (an assistance agreement not executed, a project requires a lesser amount of assistance than expected, etc.), RHS may, at its sole option, issue an assistance offer to the next highest ranked, unfunded project able to accept the offer anytime prior to the next date for receiving project proposals or hold the unused assistance amount for the next round of proposals.

SUB 1.6 TIES

If two or more qualified projects attain the identical ranking score, the tie between projects will be broken by using the following criteria. The tie breaking will proceed through the criteria until the projects no longer have the same result:

1. Project with highest raw benefit/cost ratio.
2. Applicant who has received the least amount of funding in the current cycle.
3. Applicant who has received the least amount of funding in the prior cycle.
4. Applicant who has the least number of completed projects with final bills outstanding.

SECTION 2.0 PROJECT SELECTION CRITERIA

SUB 2.1 TRANSPORTATION EFFICIENCY BENEFIT/COST RATIO

(a) **Purpose:** The purpose of this criterion is to afford a measure of the economic soundness of a public investment in the project.

(b) **Description:** The transportation efficiency benefit/cost ratio (B/C) is a measure of net transportation efficiency benefits of a project. The calculation of this ratio will be performed by RHS using data supplied by the applicant in the project proposal application and application conference(s). The methodology for the calculation of this ratio is available from RHS.

(c) **Scoring:** Points are awarded on the basis of the project's raw B/C ratio as shown in the table below. The points awarded increase as the B/C ratio approaches 7.0. The points are awarded in this manner to reflect the lesser quality of the public investment shown by a low B/C ratio and to reflect the greater attractiveness of the project shown by a higher B/C ratio.

<u>B/C</u>		<u>Ratio</u>	<u>Points</u>	Maximum 50
	<	0.500	0	
0.501	-	0.800	15	
0.801	-	0.999	20	
1.000	-	1.999	30	

2.000	-	2.999	34
3.000	-	3.999	38
4.000	-	4.999	42
5.000	-	6.999	46
	>	7.000	50

SUB 2.2 CRITERION FOR RAIL BANK PROJECTS

2.2.1 Purpose: The purpose of this criterion is to provide a substitute criterion for rail bank project evaluation in lieu of the transportation efficiency benefit/cost criterion employed for other project types. By definition, a rail bank is a project without active rail service and, therefore, cannot yield revenue, operating and cost savings data required for a B/C analysis.

2.2.2 Description:

(a) Abandonment Status.

The subject segment of a rail bank project must be or have been the subject of a petition for abandonment before the Surface Transportation Board (STB) or the subject rail line must have been determined to be abandoned under the authority of s. 85.09(3) Wis. Stats.

(b) Performance Characteristics.

The subject segment of a rail bank project must satisfy ALL of the following:

(i) be a segment that, for any consecutive three year period within the ten years immediately prior to the date the abandonment petition is filed or abandonment is declared under s. 85.09(3), Wis. Stats., has carried a minimum of 10 carloads per year per mile.

(ii) be a segment that is free of known environmental clean-up or remediation requirements likely to cost in excess of \$50,000, or WisDOT is indemnified against such costs.

(iii) be a segment that either connects two distinct line segments continuing under freight railroad operation or connects a previously rail banked segment or segments running to a district or larger trade center as defined in the 1992 Rail Policy Plan or later published rail system plan or be a segment serving a geographical area reasonably expected by development experts to experience expansion of existing industrial development within ten years.

(iv) be a segment that exhibits definitive potential for restoration of rail service within ten years after the date of closing on its acquisition by a public agency.

(v) be a segment on which, within five years of acquisition, an entity will accept the obligations concomitant with use of the segment as a recreation trail or all obligations of corridor management.

(c) Physical Characteristics.

The subject segment of a rail bank project must satisfy EACH of the following:

(i) be a segment in which 80% or more of its through route (main) line length consists of 85# or greater weight rail with maximum headwear of 1/4".

(ii) be a segment in which 90% of the bridges and trestles are rated or no less than 263,000# gross weight per car.

2.2.3 Scoring: A line segment proposed for a rail bank project that satisfies the conditions stated in 2.2.2 above is awarded 30 points. A segment failing to satisfy any one of these conditions scores zero points.

SUB 2.3 WISCONSIN CARLOADS PER MILE

(a) **Purpose:** The purpose of this criterion is to afford a measure of the direct usefulness of the project to Wisconsin industry and to recognize the larger impact upon Wisconsin's economy of investing scarce public resources on more densely used facilities. It is being assumed that state assistance is better invested in projects directly benefiting Wisconsin industry sites rather than supporting overhead routes for the railroad. It is also assumed projects serving unit coal or coke trains to electric utility plants generate a sufficient return to a railroad as to not justify public assistance.

(b) **Description:** Rail carloads using the project facility that originate or terminate at a consignor or consignee in Wisconsin, are averaged over five years. All carloads meeting these requirements may be included even if transported by a railroad not party to the project proposal. If multi-platform articulated cars are used, they are treated as single or multiple cars according to how they are treated in the tariff or contract under which they move. Excluded from this carload count are carloads of coal or coke delivered to regulated electrical utility generating plants in blocks or unit trains of 15 cars or more. Also excluded are carloads that within six months prior to the date of application have been used in a prior project's count of Wisconsin carloads, which are now rerouted over the proposed project unless the reroute can be demonstrated to be independent of project considerations. The carloads of the past three years and the projections for the next two years are used. Absent valid projections, only the average of the past three years is used. The applicant provides the carload data and evidence of its

validity during the application conference(s).

(c) **Scoring:** Points are awarded on the basis of Wisconsin carloads per mile as shown in the table below. The points awarded increase as the carloads per mile approach 160. The points are awarded in this manner to reflect the lesser impact on Wisconsin's economy of public assistance on very light density lines.

<u>Wisconsin Carloads/Mile</u>	<u>5(3) Yr. Average</u>			<u>Points</u>	Maximum 15
		<	20	0	
	20	-	50	3	
	51	-	85	7	
	86	-	120	10	
	121	-	160	13	
		>	160	15	

(d) **Application of this Criterion to Substitute Service Projects.**

The carloads used for a substitute service project are those that would have been used had the project substituted for been evaluated on this criterion.

SUB 2.4 CATEGORY OF LINE

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect the degree to which certain rail lines, physically serve locations of actual or potential Wisconsin rail traffic generation locations. The criteria for classification are described in Translinks 21, WisDOT's comprehensive, long-range intermodal transportation plan adopted in November 1994.

(b) **Description:** In Translinks 21, each rail line or line segment is classified into the categories of Tier 1, Tier 2 Intermodal and Primary, Tier 2 Primary, Tier 2 Secondary, Tier 2 Passenger, and Not Shown. Projects on Tier 1 lines are assumed to generate a sufficient return to a railroad as to create a lesser priority for public assistance.

(c) **Scoring:** Points are awarded on the basis of the classification of the line on which the project is located.

<u>Essentiality</u>	<u>Level</u>	<u>Points</u>	Maximum 5
	Tier 1	0	
	Tier 2 Intermodal & Primary	0	

Tier 2 Primary	1
Tier 2 Secondary	3
Tier 2 Passenger	0
Not Shown	5

(d) **Application of this Criterion to Substitute Service Projects.**

If the substitute service project results in traffic by rail, the line category of the line upon which the traffic is moved after the project is completed is used. If the traffic is not moved by rail after the project, no points are awarded under this criterion.

SUB 2.5 CONSOLIDATION

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect both the public benefit of freeing land for alternative economic development and the benefit to railroad operators through lower maintenance costs.

(b) **Description:** For purposes of this criterion, a consolidation project is one that results in (a) the joint use of a rail line of one mile or more in length, or (b) the joint use of a bridge spanning a navigable waterway or State or U.S. highway, or (c) the joint use of a railroad switching yard by two or more railroads where 10 or more developable acres of land formerly used for railroad purposes is vacated for alternative land use, or (d) a separate bridge structure being eliminated or its construction avoided as a consequence of the project.

(c) **Scoring:** Either of the two scoring systems below may be used, but not both.

<u>Consolidation</u>	<u>Vacated Land</u>				<u>Bridge Length Avoided</u>				Maximum 5 Points
	<u>Acres</u>		<u>Points</u>	<u>Feet</u>		<u>Points</u>			
	<	2	0	<	25	0			
	2	-	5	1	25	-	50	1	
	6	-	10	3	50	-	100	3	
	11	-	15	4	>	100	5		
	>	15	5						

SUB 2.6 SYSTEM CONNECTIVITY

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect the value a project may present in serving a distinct system function even though traffic origin or destination functions may be minimal or absent.

(b) **Description:** System connectivity is present when the project specifically provides for the sole connection of two distinct through route line segments of the

applicant's system, or the system's sole interchange connection with another railroad.

(c) **Scoring:** System connectivity points are awarded only if the project satisfies the description under SUB 2.6(b) above.

<u>System Connectivity</u>	<u>Level</u>	<u>Points</u>	Maximum 5
	Project Does Not Provide Connectivity	0	
	Project Does Provide Connectivity	5	

SUB 2.7 GEOGRAPHICAL DISTRIBUTION AND RURAL POPULATION DENSITY

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance a concept of geographical and rural population equity throughout the state.

(b) **Description:** For the geographical equity purposes of this criterion, the regions of the state correspond to the Division of Transportation Districts' district structure of the department. A project anywhere in the region is a project in that region if 50.1% of its physical size is in that region. For the rural population equity purposes of this criterion, a project's location is deemed rural if it occurs in a city, town, or village of 4,000 or less population or in a city, town, or village in a county of less than 150 population per square mile. State funding for grade crossings and TEA rail projects are excluded from consideration as prior assistance in the region. Also excluded from consideration are projects closed out more than 36 months prior to the February 1, 2010 project proposal acceptance date. Points scored by a substitute service project are those that would have been scored by the project for which a substitute is made.

(c) **Scoring:** Geographical distribution points are awarded as shown in this chart.

<u>Geographical Distribution</u>	<u>Prior Project in Region</u>	<u>Points</u>	Maximum 5
	Yes	0	
	No	3	

<u>Rural Population</u>	<u>Project Location Qualifies as Rural</u>	<u>Points</u>
	Yes	2
	No	0

SUB 2.8 PRIOR BENEFICIARY OF ASSISTANCE

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance a concept of equity among probable railroad beneficiaries of assistance.

(b) **Description:** This criterion is based upon the operator of the system on which the project is located or by which it is served. If the operator (holder of the STB certificate of public convenience and necessity) or the intended operator of the system on which the project is located is the operator of the system on which a prior project is underway or was completed within the 36 months prior to the application date, points under this criteria are not awarded. For purposes of this criterion, if the operator is under common control or common management (an individual is a corporate officer in both companies) with another railroad or parent company of another railroad, a prior project on any of the commonly controlled or commonly managed railroads is treated as a prior project of this operator. Grade crossing and TEA rail projects are excluded from consideration as prior assistance.

(c) **Scoring:** Prior beneficiary of assistance points are awarded as shown in this chart.

<u>Prior Assistance</u>	<u>Prior Assistance</u>	<u>Points</u>	Maximum 5
	Yes	0	
	No	5	

(d) **Application of this Criterion to Substitute Service Projects.**

Awarding of points on this criterion shall be based upon the railroad serving after project completion. A substitute service project not served by rail after project completion is awarded no points under this criterion.

SUB 2.9 ENVIRONMENTAL BENEFITS

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance aspects of the project that offer environmental benefits that may not be captured under the benefit/cost criterion.

(b) **Description:** Points are awarded under this criterion on the basis of the department's finding the project will substantively:

- (1) Reduce urban highway congestion.
- (2) Reduce petroleum fuel consumption.
- (3) Reduce emission of air and/or water pollutants.
- (4) Improve safety of hazardous material transport.
- (5) Improve road or pedestrian safety.
- (6) Serve near term needs of rail passenger service.

- (c) **Scoring:** Environmental benefit points are awarded as follows:

Environmental Benefits Generated 0-5 points

SUB 2.10 ENHANCING WISCONSIN'S ECONOMY

(a) **Purpose:** The purpose of this criteria is to afford a means to reflect in the awarding of rail assistance funds aspects of the project that offer economic benefits that may not be captured under the benefit/cost criteria.

(b) **Description:** Points are awarded under this criterion on the basis of the department's finding the project:

- (1) Will address an unusual Wisconsin job gain or loss situation.
- (2) Contains an element of urgency/timeliness significant to its ability to deliver long-term benefits.
- (3) Improves competitiveness of businesses served by the operator.
- (4) Improves the attractiveness of Wisconsin for new business.
- (5) Serves a developed industrial park (streets, sewer, water, etc. in place).

- (c) **Scoring:** Enhancing Wisconsin's economy points are awarded as follows:

Economic Enhancement Factors Present 0-5 Points

FREIGHT RAILROAD PRESERVATION PROGRAM

PART III - ASSISTANCE STRUCTURE DETERMINATION

SECTION 1.0 RAIL BANK PROJECTS

SUB 1.1 ASSISTANCE FORM

The impetus for an application for assistance on a rail bank project is the applicant's determination to have a line segment banked when WisDOT itself has decided not to rail bank the line. Therefore, the assistance provided under the program for a rail banking project is acquisition of the line segment by WisDOT under a cost sharing and maintenance arrangement with the applicant. WisDOT holds title to the land and improved property and pays 100% of the cost of the land and 80% of the cost of the improved property and 80% of all other costs incurred to acquire the line. The applicant holds a lien on the improved property in an amount equal to 20% of the net liquidation value of the improved property at the time of liquidation.

SUB 1.2 MANAGEMENT

Under the grant agreement, the applicant shall manage the banked segment at no expense to WisDOT for so long as the segment is banked.

SECTION 2.0 PROJECTS FOR THE ACQUISITION OF RAIL LINES FOR CONTINUING OPERATION

SUB 2.1 ASSISTANCE FORM

2.1.1 The assistance provided is the use of the rail corridor acquired at 100% WisDOT expense for freight railroad transportation purposes.

2.1.2 The assistance provided is the use of the improved property acquired at 80% WisDOT expense for freight railroad transportation purposes.

SUB 2.2 APPLICANT MATCH

The applicant must provide the remaining 20% of the acquisition costs of the improved property. The applicant retains a claim on the net proceeds of liquidation of the improved property. This claim shall be in the same proportion of the applicant's contribution of matching funds under this and subsequent rehabilitation project grants, if any, to the contributions made by other parties.

SECTION 3.0 TRACK AND/OR BRIDGE REHABILITATION PROJECTS ON PUBLICLY-OWNED RAIL LINES OR PREVIOUSLY ABANDONED RAIL LINES

SUB 3.1 ASSISTANCE FORM

3.1.1 **Grant Portion:** The applicant, by written agreement, is granted funds in an amount up to 80% of approved project costs.

3.1.2 **Loan Portion:** The applicant, if a government body, may, at its own discretion, avail itself of additional assistance in the form of a loan from WisDOT in an amount equal to 15% of the total project cost for its use in providing the required 20% match share. Loans will be provided to the extent that WisDOT has funds available. The request for loan funds will be ranked with all other requests for loans to determine priority. The repayment of the loan principal and interest is to be made by applicant from funds provided by the operator of the project line. The terms of the loan shall be consistent with prior matching funds loans made by WisDOT.

SUB 3.2 APPLICANT MATCH

A matching share of no less than 20% of the project cost is required from the applicant except as noted in SUB 3.1.2 above. The applicant retains a claim on the net proceeds of liquidation of the improved property under terms of the grant agreement. To the extent loan funds are used by applicant to provide its 20% match share, the applicant's claim on the net proceeds of liquidation are diminished. Conversely, as loan principal is repaid, the applicant's claim on the net proceeds of liquidation are correspondingly increased. Interest payments on loaned funds do not increase applicant's claim on net proceeds of liquidation.

SECTION 4.0 TRACK CONSTRUCTION PROJECTS IN SUPPORT OF PUBLICLY-OWNED RAILROAD LINES OR LINES PREVIOUSLY ABANDONED

The form of assistance for track construction projects is the same as set forth under 3.0 of this Part.

SECTION 5.0 SUBSTITUTE SERVICE PROJECTS

The form of assistance for a substitute service project is the same as set forth under 3.0 of this Part, except that terms and conditions of the match loan, if any, may vary from those of prior match loans issued by WisDOT if the resulting facility is not a segment of railroad track publicly owned.