Project Title	**Maine Woods to Water Rail Connection Project**
Applicant	Maine Department of Transportation
Federal Funding Requested Under this NOFO	$45,440,407
Proposed Non-Federal Match	$11,360,102 In-Kind: N/A
Does some or all of the proposed Non-Federal Match for the total project cost consist of preliminary engineering costs associated with a Highway-rail Grade Crossing Improvement Project or a trespassing prevention project incurred before project selection?	If yes, how much? N/A
Other Sources of Federal funding, if applicable	Source: N/A $0
Total Project Cost	$56,800,509

Was a Federal Grant Application Previously Submitted for this Project?	Yes/No: No If yes, please specify the program, funding year and project title of the previous application.
City(-ies), State(s) Where the Project is Located	Millinocket and Searsport, Maine
Congressional District(s) Where the Project is Located	Maine's 2nd Congressional District
Is this a project eligible under 49 U.S.C. 22907(c)(2) that supports the development of new intercity passenger rail service routes including alignments for existing routes?	Yes/No: No
Is this a Rural Project? What percentage of the project cost is based in a Rural Area?	Percentage of total project cost: Yes. 100%
Is this a project eligible under 49 U.S.C. 22907(c)(11) that supports the development and implementation of measures to prevent trespassing and reduce associated injuries and fatalities?	Yes/No: No

If YES to the previous question, is this project located in a county with the most pedestrian trespasser casualties as identified in the Federal Railroad Administration's National Strategy to Prevent Trespassing on Railroad Property?	If possible, quantify. N/A
Is the application seeking consideration for funding under the Maglev Grants Program?	Yes/No: No
Is the project currently programmed in: State rail plan, State Freight Plan, TIP, STIP, MPO Long Range Transportation Plan, State Long Range Transportation Plan?	Yes/No: Yes. (If yes, please specify in which plans the project is currently programmed and how the plan may be accessed). The Project will be programmed in the updated *State Freight Plan*, to be released mid-2023. Plan not yet public for access.

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION
FY 2022 CONSOLIDATED RAIL INFRASTRUCTUREAND SAFETY IMPROVEMENTS "CRISI"
GRANT APPLICATION

Project Name:	**Maine Woods to Water Rail Connection Project**
Project Type:	Freight Rail
Project Location:	Rural, Maine 2nd Congressional District
Funds Requested:	$45,440,407 – 80% of Total Project Cost
Other Federal Funds Matched:	$ 0 – 0% of Total Project Cost
Non-Federal Funds Matched:	$11,360,102 – 20% of Total Project Cost
Total Project Cost:	$56,800,509

Contact: Mr. Nathan Moulton, Director, Office of Freight and Passenger Services
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Augusta, ME 04333
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UEI: MP59EXMVEMJ7

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II. PROJECT SUMMARY

The *Maine Woods to Water Rail Connection Project* ("Project") consists of rehabilitating existing dormant track, building a loop track, rehabilitating yard tracks, reinstalling a passing siding and making rail infrastructure improvements to a port—all to augment efficiency for customers at a new sustainable industrial park in Millinocket. The $56.8 million Project, which includes an $11.4 million match from the Maine Department of Transportation and private business partners, supports the *One North Forest Products Campus* (bio-industrial "Park"), future home to an eco-friendly rail-served wood pellet manufacturer. Highland Carbon Solutions LLC (an affiliate of Highland Pellets), ("HCS") will produce and ship sustainable wood pellets by rail from the Park to Searsport ("Port") on Maine's Atlantic coast to be loaded onto ships for furtherance to European markets. The Project builds upon previous rail investments in the region and will help the rural Maine economy decimated by job losses when the state's forest products industry, including Millinocket's Great Northern Paper Mill, fell victim to overseas competition and was forced to close its doors. The Project improves a direct rail connection from Maine's forestland to the deep water Mack Point terminal at the Port of Searsport, creating velocity and capacity to grow forest product exports.

III. PROJECT FUNDING

Project Funding Table

Task #	Task Name/Project Component	Cost	Percentage of Total Cost
1	Project Management	$600,000	1%
2	Millinocket Railyard Improvements	$3,514,116	6%
3	Rail Spur from Millinocket Railyard to One North	$2,172,796	4%
4	One North Rail Spur	$1,935,920	3%
5	New Greenfield Loop Track	$26,065,429	46%
6	Rehabilitate Packard Siding at Seboeis Lake	$2,512,248	4%

7	Track/bridge infrastructure improvements-CP Bangor/Searsport Subdivision	$8,100,000	14%
8	Rail improvements at Mack Point Yard, Port of Searsport	$11,900,000	21%
Total Project Cost		$56,800,509	100%
Federal Funds Received from Previous Grant		None	0%
Federal Funding Under this NOFO Request		$45,440,407	80%
Non-Federal Funding/Match		Cash: $11,360,102 In-Kind: $0 Preliminary Engineering costs, consistent with Section C.2: N/A	20%
Portion of Non-Federal Funding from the Private Sector. Please list amounts per source.		HCS: $6,034,869 NBM: $1,205,272 CP: $4,000,000 MaineDOT: $120,000	Non MaineDOT: 99%
Portion of Total Project Costs Spent in a Rural Area		$56,800,509	100%
Pending Federal Funding Requests		None	N/A

The Maine Department of Transportation ("MaineDOT", "Agency"), One North Maine, LLC ("One North"), a subsidiary of Our Katahdin, developer of the *One North Forest Products Campus*, NBM Railways ("NBM"), Canadian Pacific Railway ("CP") and Highland Carbon Solutions LLC, an affiliate of Highland Pellets, LLC[1] ("HCS") have partnered in the development of this important Project. HCS's commitment is illustrated by the company's contribution of $6,034,869. NBM will contribute $1,205,272. CP will contribute $4,000,000. Maine DOT, the applicant, will contribute $120,000. One North and HCS are developing the Park–located on a greenfield and brownfield site–and the site of the shuttered Great Northern Paper Mill.[2] The proposed wood pellet mill capital investment is estimated to exceed $235 million and create more than 100 direct jobs.

There are no additional sources of Federal funds committed or allocated to this Project; therefore, no additional Federal funding has been or will be proposed as match. MaineDOT is not proposing any Project components be provided partial funding. There are no in-kind contributions associated with this Project. All Project funds will support track infrastructure improvements as well as grade crossing surface and signal safety improvements. Project spend allocates 100 percent of funding in a Rural Area designated by the U.S. Census Bureau—Penobscot, Piscataquis and Waldo counties. Census tracts are found in the Project Location section.

IV. APPLICANT ELIGIBILITY

MaineDOT, the primary applicant, is the state agency responsible for managing and funding the transportation system statewide, including state-owned railroad right-of-way. MaineDOT also manages the state's relationship with transportation-related private entities. Employing approximately 1,800 people, the agency expends and disburses more than $675 million annually in Federal, state and local funds. Financial support for MaineDOT's match will come from the state multimodal funding account.

The Agency is an experienced, thorough and responsible recipient of previous TIGER, FASTLANE, INFRA, CHBP, BUILD and RAISE grant funding. MaineDOT has been a reliable partner with FRA and USDOT. FRA can rely on MaineDOT to fully fund its match and for construction work to begin immediately following the signed grant agreement with FRA.

Qualifications of Project personnel are outlined in the Technical Merit section.

V. PROJECT ELIGIBILITY

The Project covers more than one CRISI eligibility category. It is eligible because it is *a Capital Project to improve short-line or regional railroad infrastructure*. A component includes *highway-rail grade crossing improvement…including installation of railroad crossing signals, gates*. It is overall *a rail line improvement project*. It is a **Track 3 FD/Construction** Project. Work occurs on both existing railroad right-of-way as well as a brownfield and greenfield site.

[1] https://highland-pellets.com/

[2] https://maineanencyclopedia.com/tag/great-northern-paper/

There will be impacts to wetlands that have previously been delineated to determine the extents of the wetlands. These areas have also been investigated for the presence of vernal pools. No vernal pools have been identified within the project boundaries. These preliminary steps taken by Our Katahdin position MaineDOT to expedite the permitting process. Multiple right-of-way alignments were considered to minimize environmental impacts.

For all existing right-of-way track components, exclusive of the new loop track at One North, MaineDOT will submit a draft Federal Railroad Administration Categorical Exclusion (CE) worksheet since there is no reason to believe that any impacts exist to trigger a NEPA class of action other than a CE. MaineDOT and Project partners have completed all necessary Planning and Preliminary Engineering (PE) work. All of these areas are locations where track currently exists or previously existed and is out of service.

Construction of the loop track at One North involves clearing and earthwork. Engineering work has begun and is a robust part of the plans. MaineDOT will work with FRA to finalize a Project Work Plan/Project Management Plan following grant agreement. The Statement of Work is located in Attachment 2. Also located in the attachments are Performance Measures, a Project Schedule and a Project Budget. There are no known uncertainties or significant risks associated with design or procurement. MaineDOT and project partners do not anticipate any cost estimate or Project schedule changes at this time or throughout the Project but will have contingency funding to insulate the Project from supply-chain or inflation challenges.

Rural Eligibility

The entire Project is located in a very rural area of an extremely rural state. While the town of Millinocket is designated an urban cluster ((UC) Code: 57331[3]), the population is only about 4,000 people. That's half the number of residents who lived in town prior to the Great Northern Paper Mill closing. Aside from the town, the surrounding area is very remote consisting mostly of forestland. Searsport, at the southern end of the Project boundary, is also very remote. Of all the states in the U.S., Maine has the highest proportion of residents living in rural areas, 61.3 percent according to U.S. Census Bureau data compiled by the website *stacker*.[4] The rural nature of the state is exhibited by the fact that 98.8 percent of total land in Maine is rural.

VI. DETAILED PROJECT DESCRIPTION

The Project consists of:

1. Project Management
2. Rehabilitation and track safety improvements to two 3,600-foot yard tracks in NBM's Millinocket Yard at milepost 104.7 by improving and replacing crossties, rail, ballast and turnouts. The tracks suffer from worn crossties and antiquated rail and have been dormant for a long period of time. The railroad needs to rebuild the tracks in order to safely and efficiently marshal covered hoppers of wood pellets into trains for transport to the Port via

[3] https://www2.census.gov/geo/pdfs/maps-data/maps/reference/2010UAUC_List.pdf

[4] https://stacker.com/stories/2779/states-biggest-rural-populations

NBM and CP routing.

3. Rehabilitation and track safety improvements to a seven-tenths of a mile dormant spur track connecting the Millinocket Yard to the industrial park entrance. Spur track renewal includes upgrade and selective replacement of crossties, rail, and turnouts along with new ballast and surfacing.
4. Restoration of signals and surface as well as safety upgrades to grade crossing protection devices at three highway/rail grade crossing locations– upgrades will result in flashers and crossing gates at all three grade crossing locations.
5. Rehabilitating the portion of the above-mentioned spur that continues into the Park (6,700 feet). Spur track renewal includes upgrade and selective replacement of crossties, rail, and turnouts along with new ballast and surfacing.
6. Building a double-track loop and single-track leading to it (22,700 track-feet total) to serve a new HCS pellet production facility for direct loading of pellets into covered hopper railcars. The proposed wood pellet mill capital investment is estimated to exceed $235 million and create more than 100 direct jobs and will begin production in the 2nd half of 2026. This Project element includes sitework, removal of existing track and installation of new track.
7. Rebuilding Packard Siding in Seboeis Lake at MP 13.3. This involves reinstalling a 7,000-foot siding where a previous siding had existed that has been shortened and then not used in a number of years.
8. Track structure upgrades and safety improvements on 75 miles of the CP Bangor and Searsport subdivisions. Work includes selective tie replacement, replacing worn and outdated single-sided tie plates with modern double-sided plates, properly anchoring the track, new ballast and surfacing along with replacing a worn bridge deck.
9. Upgrades to rail infrastructure and safety improvements at the Mack Point Terminal in the port of Searsport. This includes selective tie replacement and 8,000 feet of new modern 115lb rail replacing worn/outdated 85lb rail on existing yard tracks, ballast and surfacing. Additionally, 7,250 feet of new yard track will be constructed to add capacity at Mack Point to support the large increase in rail traffic and for efficient rail operations within the terminal.

Background and Challenges

The forest products industry is important to Maine and was once the backbone of the Millinocket and regional economy. Direct and indirect jobs connected to lumber and paper mills allowed rural towns to thrive. In the early 1990s fortunes began to change. Global competition tore into the region's flagship industry and decimated lumber and paper mills, including Millinocket's Great Northern Paper Mill, which shut down in 2008. At one time it was the largest newsprint paper mill in the world. Prior to closure, a steady decline in production led to numerous layoffs and the unemployment rate in Penobscot and Piscataquis Counties rose to nearly nine percent by 2010.[5]

The state saw the need to diversify fortunes and tourism became an important driver of economic activity. That worked well for Downeast Maine which has a scenic coastline anchored by Acadia National Park. Northern Maine focused on rural outdoor tourism including camping, hiking, whitewater rafting and snowmobiling–all in the shadows of Mount Katahdin, the state's highest

[5] https://fred.stlouisfed.org/series/LAUCN230210000000003A

peak and the northern terminus of the Appalachian Trail. While economically beneficial, increased outdoor tourism is not enough to elevate the region to the high level of prosperity it once knew. That's why investing in forest products and manufacturing including wood pellets is critical. The industry's proven technology will turn fortunes around for Millinocket and the region. Like most bulk commodities, pellets need to move on an efficient 'conveyor belt' without being held in sizeable stockpiles. That's where rail comes in. One North needs reliable rail infrastructure to connect Park tenants to national and global markets–just like HCS plans to demonstrate.

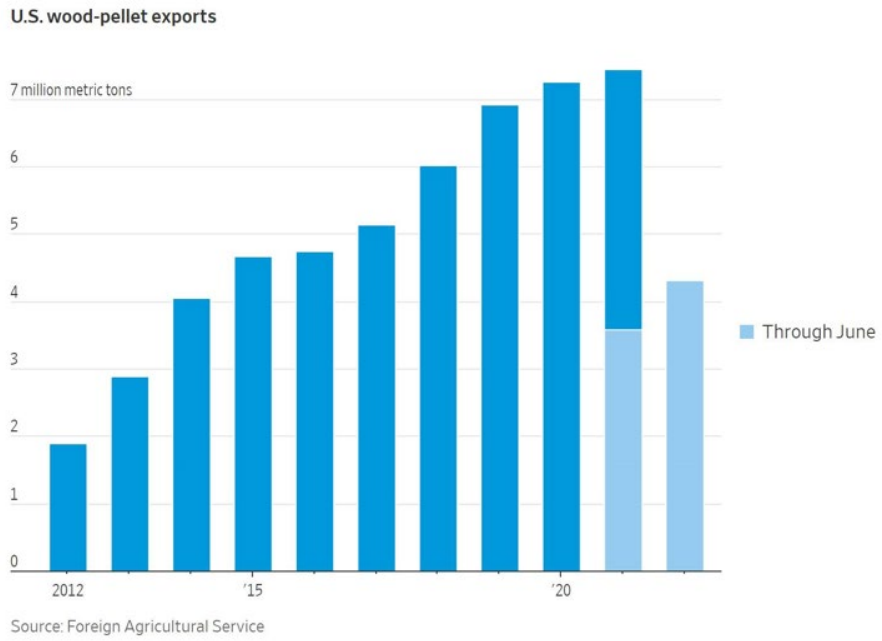
Users and Beneficiaries

MaineDOT has a long history of partnering with rail operators and supporting rail lines in central and northern Maine. The Agency has been an integral part of previous public/private partnerships with FRA and private rail operators who invest in needed mainline track and safety improvements. Those include the Maine Regional Railways TIGER Grant (2017-2020) to fund numerous large-scale improvements including new crossties, rail, ballast and safety upgrades to grade crossings.

Improvements were also made to rail bridges on the state-owned Maine Northern Railway (MNR) which connects to the area and the infrastructure targeted for improvement under this funding request. The Maine Rail Bridge Capacity Project, a FASTLANE grant (2018-2022), was a FRA/MaineDOT/MNR partnership that funded bridge improvements to increase the line's weight capacity to 286K standards. The work within Millinocket Yard, reinstallation of Packard siding as well as the improvements to Mack Point at Searsport will increase and augment the value of these previous investments which support economic vitality for the Maine economy. The grant will continue strategic investments in the regional rail system that improve safety, efficiency and reliability. The improvements to the CP rail line leading to the Mack Point Terminal at Searsport as well as significant upgrades to the Mack Point Rail Yard itself creates more efficient movement of goods to and from a deepwater port and enhances the multimodal connection for bulk and breakbulk goods destined for export.

Improvements to the route under this funding request will greatly improve the critical 'first and last mile' of the route as well as safety and efficient improvements to the mainline. This dual impact will allow the industrial park and Mack Point Terminal to support new business, new jobs and feed traffic to the mainline. Strong regional freight rail means customers benefit by not needing to rely on trucks—the costlier and higher carbon-emission option—and reductions to impacts on regional roads. Rail shipments move more rapidly and efficiently on better rail infrastructure which in-turn requires fewer railcars to move product and less inventory to stockpile. Even a one-day reduction in transit time adds tremendous asset value and generates financial benefits that multiply over time.

Europe's continued push towards fossil fuel independence has accelerated growth of an already robust market for sustainable wood pellets sourced from North American forests. Highland is in advanced-level negotiations with several European energy companies to secure purchase agreement(s) for pellets produced at the new Millinocket facility. This demonstrates proven demand for the pellets and Highland is extremely successful delivering them. Highland already



Courtesy Wall Street Journal, August 8, 2022

supplies the European market from its Pine Bluff, Arkansas facility at a capacity of more than 650,000 tons per year of industrial pellets consuming sustainably sourced southern yellow pine. The plant consumes approximately 1.7-million tons of green fiber per year and directly employs more than 100 people. Pellets from the Pine Bluff facility are loaded into railcars on a double-loop track and 80-car unit trains are transported 300 miles to the Port of Baton Rouge for transloading to export markets. This plant and transportation design is the model for the Millinocket plant except that this plant will be larger, producing 1 million tons of wood pellets annually and requiring more inbound green fiber. Wood pellets are a sustainable power source that fuels thermal power generation in Europe and more is needed, especially as power sourcing has been greatly disrupted globally.

Searsport is well suited to handle the transfer of pellets and other bulk and breakbulk commodities from rail to ship. Due to its geographic location, it is the closest deep water bulk port to Europe with a rail connection in the continental US.

This photo shows Mack Point Terminal at Searport. The Project calls for building two additional tracks to the right (south) of the southmost track with the tank cars on it. The track with the tank cars will be upgraded.

Inbound raw materials and outbound pellets would require a staggering number of trucks to move the same tonnage rail does, given that one railcar equates to up to three trucks for this product. The Project's resulting decrease in truck traffic and harmful emissions–including NOx, volatile organic compounds, particulate matter and sulfur dioxide–results in $41 million in savings. The BCA will outline these savings in detail.

Maine's Indigenous Peoples communities embrace the Project and will provide a forthcoming letter of support. 'Our Katahdin' managers recently toured the bio-industrial park site with leaders of Indigenous Tribes to describe the Project in detail and elicit their input. They are supportive because, as landholders, they will soon have a destination for their idle forest thinnings and welcome the additional employment opportunities the facility will create. Highland will make every effort to employ Indigenous Peoples and benefit from their knowledge of the area and the forest.

Bio-Industrial Park Regional Relevance

Located on brownfield and greenfield sites, One North is committed to revitalizing the land surrounding the once flourishing paper mill (now a brownfield site) and adjacent land to the south of it (now a greenfield site). They will redevelop the land into a world-class sustainable bio-industrial park and forest products campus. The facility will include a renewable energy hub—sourcing power from renewables including solar and gravity-fed water. The Park will be designed to be energy self-sufficient and produce low emissions, a perfect match for rail service which is one of the most fuel-efficient transportation modes. The Park will host a modular hydroelectric test site, a solar farm, a data center hosting cloud storage services and potentially even aquaculture. Mass timber, sustainable wood pellets and bio-fuel will anchor the forest products sector of the Park. It is important to note the One North site is located at the southeastern terminus of the 90-mile long *Golden Road* stretching from the Canadian border to Millinocket. This unpaved private roadway, void of the need for vehicle weight limits, runs through the heart of Maine's working forests, making the One North facility the ideal destination for producing value added forest products. Industrial parks offering rail service are more attractive and generate more opportunity for tenants than those without. Larger manufacturers tend to locate in parks with rail and that leads to more job opportunities. Industries in rail-served parks also enjoy transportation options (truck *and* rail) that keep shipping costs low. Absent a rail alternative, captive trucking costs will rise.

This photo shows an aerial view of the shuttered Great Northern Paper Mill, now part of the future One North Forest Products Campus. The photo shows part of a track in the lower center foreground that remains on site. The right-of-way where the track exists will be heavily rehabilitated. It leads to the future HCS plant and loop track that will encompass a portion of the forest area in the distance.

Rehabilitating yard and spur tracks leading to the sites, as well as building track within One North, allows the park to attract manufacturers and resultant jobs. HCS estimates at least 100

direct jobs resulting from the pellet plant alone (a 24/7 operation) including front-line pellet producers, maintenance workers, engineers, support staff and supervisors. HCS recognizes the right for their workers to organize. NBM Railway employees are not unionized which is common for short line railroads. Like most Class I carriers Canadian Pacific Railway, which will rail the pellets to Searsport, is a unionized operation.

HCS will receive tax benefits under the state's *Pine Tree Development Zone Program*.[6] With the program, HCS agrees to ensure "full-time hires will receive income derived from employment during the 2022 and/or 2023 calendar year(s) that exceeds the annual per capita personal income for Penobscot County (the county of employment) and who, at the time of hire, will be provided access to health insurance and a qualified retirement program."

Wood Pellets Global Relevance


The pellet manufacturing process.

Sustainable wood pellets are the result of mindful forest product recycling on a grand scale. Companies like HCS gather unused tree branches, bark, brush, decaying logs, sawdust and other wood-based byproducts commonly left behind in forests and at sawmills following tree harvesting and lumber production. They process that fiber into pellets. Typically, the non-lumber components of trees, known as 'thinnings', remain following a tree harvest or are inefficiently burned on site. HCS will give them purpose as raw materials for wood pellets which will be burned for power generation. Gathering these materials also aids in thinning the forest bottom which allows trees to obtain more sunlight and have better access to soil resources to grow faster and larger.[7]

The compressed pellets burn at high temperature for a long time. European countries have embraced pellets as a sustainable energy source for more than a decade. Today the pellet market is stronger than ever. Pellets from Russia, Belarus and Ukraine are exported to power plants in Western Europe as a coal substitute in addition to those from North America. The foreign pellet market; however, is now caught up in regional conflicts. The resultant global instability has greatly benefitted U.S. export of pellets.[8] While analysts agree that environmental policy

6 https://www.maine.gov/decd/business-development/financial-incentives-resources/pine-tree-development-zone

7 https://www.maine.gov/dacf/mfs/projects/what_will_my_woods_look_like/thinning_hw_pole_small_sawtimber_stand.html

8 https://www.wsj.com/articles/wood-pellet-exports-boom-amid-ukraine-war-environmental-concerns-11659915622

changes enacted by lawmakers can bring uncertainty to the global pellet market, conflicts in eastern Europe and resultant natural gas supply challenges are unlikely to decrease Europe's demand for pellets, especially when combined with population growth and power requirements.

Performance Measures

The infrastructure added and improved under this Project is designed to ensure the flow of product to and from this new industrial park and the region. To measure *results*, MaineDOT will report annual inbound and outbound rail carloads from the One North Bio-Industrial Park. The Park will utilize new park infrastructure as well as the other infrastructure noted in this Project outline. Project partners expect these investments will lead to growth of regional rail traffic–but not just from the One North site–from other rail customers in the park and elsewhere along the rail line. The measure of new carloads will verify the value of the grant improvements and quantify the value of the CRISI funding request and FRA's investment. Project partners would welcome additional performance measures to be included as the grant agreement is executed with FRA if deemed required.

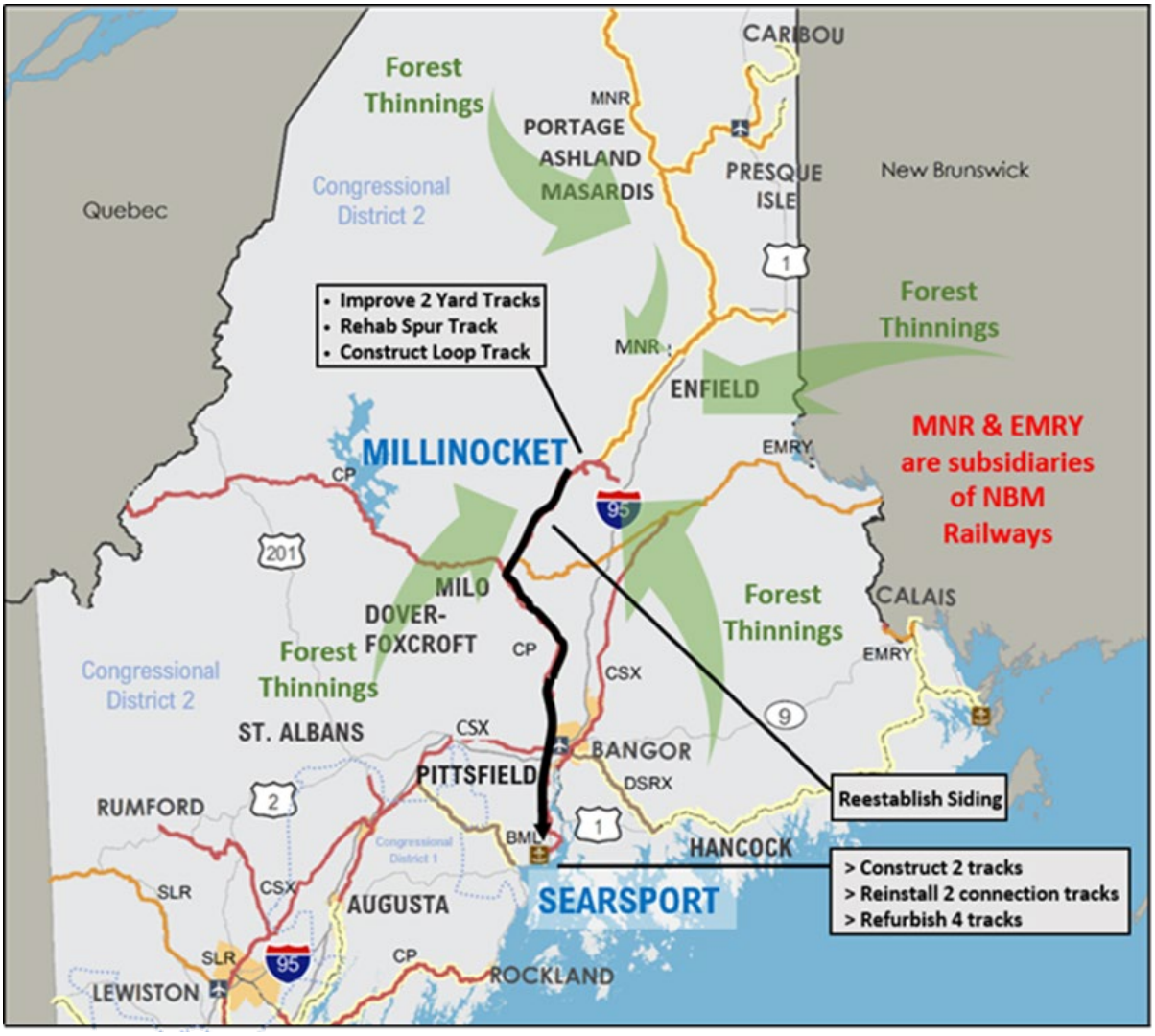
Small Business Employment

Small businesses are critical to a thriving region, especially in an extremely rural area. MaineDOT and One North will make every attempt to employ small businesses to perform all Project construction components.

VII. PROJECT LOCATION

Project GPS coordinates are listed below:

	Latitude	Longitude
Millinocket Railyard (south)	45°66'62.48"N	68°71'41.35"W
Millinocket Railyard (north)	45°67'39.33"N	68°70'60.78"W
ST 0+00: Mainline Switch	45°39'48.26"N	68°43'1.86"W
ST 51+00: One North Begins	45°39'2.91"N	68°42'31.30"W
ST 78+00: Start New Track (Greenfield Spur) to Loop Track	45°38'43.05"N	68°42'18.03"W
ST 96+00: Beginning of Loop Track	45°37'32.68"N	68°42'1.94"W
ST 163+63: End of Loop Track	45°37'35.90"N	68°42'16.28"W
Packard Siding #1	45°30'8.02"N	68°54'46.03"W
Packard Siding #2	45°29'17.81"N	68°55'50.82"W
Mack Yard at Searsport (north)	44°46'19.50"N	68°89'75.20"W
Mack Yard at Searsport (south)	44°45'54.68"N	68°89'81.86"W



Penobscot County, where One North is located, comprises much of central Maine and lies in the state-designated *Pine Tree Zone* and federally-designated *Opportunity Zone*, both offering financial incentives for employers locating to the region. More than 50 million people reside within 500 miles of Millinocket, including the population centers of Boston, New York City, and Montreal, making these population centers a suitable reach from the Park.

VIII. EVALUATION AND SELECTION CRITERIA

Eligibility, Completeness and Applicant Risk Review

As a public agency MaineDOT is eligible to apply for this funding. No previous Federal funds have been provided for the Project. The Federal share requested is 80 percent of total Project costs. A diverse group of supporters are providing matching funds including HCS, NBM and CP.

This Project is eligible for funding because it is *a capital project to improve short-line or regional railroad infrastructure*. It is a **Track 3 FD/Construction** Project. MaineDOT has completed all elements of this application to the best of its ability.

Awarding MaineDOT a grant comes with *very low risk* or implementation concerns. The agency is an experienced, thorough, and responsible recipient of previous successful TIGER, FASTLANE, INFRA, CHBP, BUILD and RAISE grant funding. FRA can rely on MaineDOT to fully fund and begin construction in July 2024.

Project Benefits

Benefit-Cost Analysis (BCA)

The Project, focused on creating a safe and reliable transportation network from central Maine to the Atlantic coast, will connect the One North Bio-Industrial Park to Searsport. This line will be utilized to transport goods produced in Millinocket to Searsport where they will be loaded on to ships and sent to foreign markets. The refurbishment of this rail line will allow Millinocket to compete in the global energy markets and provide an eco-friendly energy alternative. The Project has the added benefit of bringing back much-needed jobs to the region that were lost when Maine's forest products industry was devastated by overseas competition.

For the public, the Project reduces dependence on local and regional roads to transport goods while simultaneously reducing the risk of fatal crashes. It satisfies the USDOT goal of improving first-mile and last-mile access for shippers and affords the environmental benefits that accrue when goods spend most of their transit time on rail instead of the highway.

7% NPV Summary		
	Costs	Benefits
Initial Capital Cost	$42,219,110	
Maintenance	$114,245	
Truck Elimination (Inbound)		$46,143,446
Rail Cost Baseline (Inbound)	$6,125,544	
Truck Elimination (Outbound)		$117,168,200
Rail Cost Baseline (Outbound)	$13,135,854	
Truck Elimination (New Park Customers)		$18,311,542
Rail Cost Baseline (New Park Customers)	$2,253,178	
CO2 savings (@3% disc)		$10,756,364
TOTAL	$ 63,847,930	$ 192,379,551
Benefit-Cost Ratio	3.01	

Driven by the increased but conservative growth in rail traffic along the line should funding be awarded along with associated operating improvements and risk reduction, the Benefit-Cost Analysis for the Project yields a 3.01:1 ratio. All benefits are all-or-nothing in that if the line is not refurbished, no traffic will occur on the line and trucks will be used as the alternative.

All the Project's benefits will come from eliminating truck traffic in favor of rail transportation. The percentage of total inbound feedstock transported by rail will start at 15% and increase by

2% per year, peaking at 25% and holding constant. All outbound wood pellets will be sent by rail to Searsport. All inbound fuel oil and propane will be sent by rail. In the No-Build scenario, fuel oil and propane will be sent by rail from its origin in Sarnia, Ontario to Hermon, Maine where it will then be trucked up to Millinocket for use. The distance by rail from Sarnia to Hermon is the same as the distance from Sarnia to Millinocket, making the only difference between the Build and No-Build scenarios the need to truck the fuel oil and propane from Hermon to Millinocket in the No-Build scenario. Therefore, no rail baseline calculation is included for the inbound fuel oil and propane in the BCA.

Should the Project not be built, all goods will be hauled by trucks. Lost carloads are converted to truck ton-miles to calculate Project benefits. Benefits from truck elimination fall into three main categories:

Fuel Savings (41%): One of the largest categories is reduced fuel consumption due to more traffic moving by rail which is far more fuel efficient than truck. The NPV at 7 percent for this savings is more than $75 million over the 30-year life of the analysis. This has an added benefit of reducing dependence on foreign oil and assisting our nation's goal of energy independence as the shift to a green economy prevails. The diesel fuel price per gallon used in the analysis was based on the current (November 2022) Energy Information Administration amount and held constant throughout the life of the project despite normal forecast expectations of annual rising fuel prices to keep estimates conservative.

Highway Maintenance (27%): Improving the line avoids almost 400 million highway miles driven over the 30-year life of the analysis, a savings of almost $50 million in congestion and highway maintenance costs on a discounted basis.

Harmful Emissions (22%): Rail transportation is not only far more fuel efficient than trucking, railroads also emit fewer harmful emissions. When combined with the reduction in overall truck traffic, there are more than $41 million in savings from reduced NOx, volatile organic compounds, particulate matter and sulfur dioxide.

Additional benefits

a. *Effects on system & service performance*
   The Project creates a solid rail connection between the North Maine Woods and Searsport. The Agency has utilized Federal grants and state funding the past several years to improve the mainline track between the two. With significant oncoming natural rail business, now is the time to strengthen secondary tracks, capacity improvements and port efficiency to attract and serve customers, allowing NBM to increase speed, transit time and volume commitments to new industrial park and port customers.
b. *Safety, competitiveness, reliability, transit time, resilience*
   The Project allows NBM and CP to continue its strong commitment to *safe* rail transportation. Three railroad crossings will be upgraded to active crossings with gates because rail traffic will return to a dormant line. The connection from the Park to global destinations by rail and sea allows northern Maine to become attached to and *competitive*

in the world economy. Without the rail connection, the ability to recycle forest residuals, ordinarily left behind, into wood pellets and export them for environmentally-friendly, sustainable fuel would not be economically competitive with other fuel sources. It is too difficult and expensive to find the number of necessary trucks and drivers in this part of rural Maine. The *reliability* generated from new or refurbished rail infrastructure is required to be competitive. Railcar utilization improves when *transit time* decreases which is vitally important to customers. Furthermore, rail by its nature is a very *resilient* and durable mode of transportation and is unable to deliver only under the most extreme weather or natural disaster conditions. Long-haul trucks frequently encounter traffic on roads or weather-related challenges, forcing them to reduce speed for a variety of common reasons under a variety of conditions.

This photo shows the Elm Street railroad crossing in Millinocket. The track leads to One North industrial park. The track, crossing and protection devices will be rehabilitated under the Project.

c. *Efficiencies from improved integration with other modes*
The Project supports a 'conveyor belt' of inputs and outputs moving via three transportation modes. Trucks will bring forest residuals to the HCS facility using mostly a private road system. Trains will ship the pellets from the plant to Searsport, providing HCS access to global markets. Supply chain *integration* between train and ship is critical in keeping transportation costs down. It is impractical to transport this large amount of pellets from plant to port by truck. Ships must be loaded quickly given the demurrage costs associated with ships sitting at the docks awaiting product to load. That's why train service is critical to the pipeline this Project creates. Nearly all successful ports require efficient access to rail to be competitive.

d. *Ability to meet existing or anticipated demand*
The Project allows NBM and CP to continue serving the growth of current customers while also building future capacity to serve *anticipated demand*. As global population grows, northern Maine's need for a reliable connection to the world's economy increases. Also, as Maine tries to attract businesses to locate or relocate to this region, reliable rail service is a key factor given the remoteness and challenge of truck transportation costs. That's why it is imperative that MaineDOT work with its private rail partners to build infrastructure satisfactory to current and future rail customers. There is ample capacity to absorb new traffic and add additional trains. The railroad can accommodate all additional traffic with the improvements outlined in this application.

Technical Merit

a. *Tasks and subtasks outlined in SOW are appropriate to achieve expected project outcomes*
MaineDOT is an experienced participant in previous large-scale track improvement projects and has created a comprehensive list of Project tasks to ensure they are carried through methodically to completion without delay. The agency and partners will place safety at the highest level, implementing appropriate track curfews and performing work with minimal interruption to rail traffic.

This photo shows the expanse of the Highland Pellets' Pine Bluff, Arkansas wood pellet plant. At the top of the photo is the loop track and loadout, similar to the one that will be constructed at One North in Millinocket.

b. *Strong project readiness indicated that meets requirements under the applicant's project track(s)*
The Project is a Track 3 CD/Construction project for a Class III railroad to improve rail infrastructure. Nate Moulton, MaineDOT Director of Freight and Passenger Services, will serve as Project administrator. All aspects of the Project, with the exception of the loop track are expected to receive a CE. Preliminary engineering design of the loop track is complete. The pellet mill location and functionality of material transloading from plant to rail loadout was designed to incorporate efficient elements of HCS's Pine Bluff pellet facility. The loop track has also been designed to accommodate efficient storage of railcars if needed. MaineDOT is highly experienced implementing similar track improvement projects.
c. *Technical qualifications and experience of key personnel and qualifications of organizations to execute project on time and within budget*
Highland Pellets is highly experienced managing large scale projects; they built and have operated their $200 million pellet plant in Arkansas since 2016. The direct annual economic benefit of the Pine Bluff facility to the surrounding community exceeds $100 million per year, with the indirect benefits estimated at more than $60 million per year.

The facility is fitted with leading technology and follows strict protocols for supporting sustainable forestry practices and minimizing the facility's carbon footprint, just as the Millinocket facility will. Leaders at all Project partner companies are also very experienced with rail transportation infrastructure projects. MaineDOT has implemented similar grant-related projects, including:

- TIGER Grant (2017-2019) to fund installation of 213,129 new wooden crossties, 291,280 feet of new 115lb rail, 140,302 tons of ballast, 290 miles of track surfacing and safety and surface improvements at two public and 30 private crossings
- FASTLANE Grant (2018-2022) to fund improvements to 21 bridges to meet the 286K capacity rating

Canadian Pacific Railway is also very experienced managing large-scale grants, including:

- Transport Canada grant to fund track and road upgrade projects in the British Columbia lower mainland region including construction of a new siding, track modifications, road and rail improvements in New Brighton Park
- $50 million in U.S. Federal funding to construct track and signal capacity improvements between Chicago and St Paul, allowing an additional Amtrak train to operate in each direction daily
- U.S. Federal funding to improve the Milwaukee train station area, track and signal improvements, in conjunction with WISDOT, MNDOT and Amtrak.

For this Project, key personnel include:

Peter Malikowski, Board Member, Our Katahdin
Malikowski grew up in Millinocket, Maine and is currently a Project Manager for Cianbro Corporation in Pittsfield. Cianbro is Maine's largest general contractor and operated in 40 states. While a Millinocket resident, he witnessed the paper mill closure and saw first-hand how the local economy shattered as a result. Malikowski previously helped manage the $165 million Sarah Mildred Long Bridge Replacement Project between Kittery, Maine and Portsmouth, New Hampshire, with a focus on replacement of the rail alignment. He previously helped construct New Mexico's successful Rail Runner commuter rail service which included site work on a scale much larger than the brownfield and greenfield sites associated with this Project.

Mr. Nathan Moulton, Director, Office of Freight and Passenger Services, Maine Department of Transportation
As Director, Mr. Moulton has successfully managed railroad-related projects statewide for more than 23 years. He has served as Project Administrator on the following Federal USDOT/FRA grant projects:

- TIGER II – Rehabilitation of the state-owned Aroostook Lines in 2011, $11.6 million
- TIGER VII – Maine Regional Railways, 2015, $37.4 million

- FASTLANE II – Maine Railroad Bridge Capacity Project, 2018, $15.7 million
- CRISI – Pan Am Railways Mainline Upgrades and Rail Crossing Safety Improvements, current, $35.5 million
- CRISI – Pine Tree Corridor 286K Capacity and Safety Improvements, current, $42.2 million

Prior to this role, Moulton served as Deputy Director of the Northern New England Passenger Rail Authority, where he oversaw a $63 million FTA-funded project to restore passenger rail, improve stations and begin Amtrak's *Downeaster* Passenger Service.

MaineDOT will select a qualified small business contractors/consultants experienced in providing construction services to Class Is, regionals, short lines and customers. The selected company will employ diverse professionals skilled in track construction and rehabilitation. They will work to ensure the Project is completed on time and within budget.

d. *Business plan considers potential private sector participation*
The importance of the Project and HCS's commitment to it is illustrated by the company's match contribution of $6,034,869. NBM will contribute $1,205,272. CP will provide $4,000,000.

e. *Applicant has legal, financial, and technical capacity; satisfactory continuing control over facilities; and capability/willingness to maintain facilities*
As MaineDOT has clearly demonstrated managing previous Federal grant awards, it has the legal, financial and technical capacity to complete projects on time and within budget. The Project has the committed financial backing of all Project parties. MaineDOT will execute project agreements with the railroads and HCS to codify grant funding requirements. Any selected contractor or the railroads through force account agreements with MaineDOT will have the technical capacity to perform all Project aspects. NBM will continue to own Millinocket Yard and spur tracks. HCS will own the loop track which is not on the general railroad system and falls outside of a 22905 agreement. CP will own the railroad subdivision mainlines and refurbished Port infrastructure. All respective owners will maintain the Project infrastructure and there is no reason ownership or maintenance will become the responsibility of other parties.

f. *Deployment of innovative technology, innovative project delivery, and innovative financing*
The Project relies on established railroad track construction methods and proven component technology, such as modern rail, double shoulder tie plates, grade three and five wood ties, new ballast and a stable right-of-way base, all able to withstand future decades of precipitation accumulations, temperature changes and other weather-related challenges in a region that sees average annual snowfall reach more than 60 inches and where winter conditions can last for six months.[9]

g. *Consistent with planning guidance and documents set forth by DOT*
The Project is supportive of all four Strategic Objectives within the Infrastructure Goal in USDOT's Strategic Plan.[10] The Project *leverages private investment* and *builds*

[9] https://www.usclimatedata.com/climate/portland/maine/united-states/usme0328

[10] https://www.transportation.gov/sites/dot.gov/files/docs/mission/administrations/office-policy/304866/dot-strategic-planfy2018-2022508.pdf, page 7

partnerships. It *restores transportation infrastructure and assets to a state of good repair* with proven and low risk construction. It *improves the reliability and efficiency of freight movement…and works with other stakeholders to assess overall system reliability and implement strategies that target the sources of unreliable…freight movement*. It *makes targeted investments to increase freight mobility and reliability in support of economic competitiveness*. It makes industries in an impoverished rural area more competitive by connecting them to the North American rail network which fosters their ability to compete globally. It is as if the objectives of the Strategic Plan were set with this very project in mind.

At the state level, the importance of freight corridors, including Millinocket to Searsport, is recognized. The Project has been programmed in the *2023-2024-2025 MaineDOT Work Plan*, a comprehensive three-year plan of all state transportation-related work activities. The next Work Plan is scheduled for release in January 2023. This document is used to develop the next *MaineDOT STIP*. The Project will be programmed in the next *Maine State Rail Plan*, which is being updated (the 2022 plan is currently in draft form) to include the Project specifically.[11] It is consistent with Maine's *Three Port Strategy*[12] and the *2017 Maine Integrated Freight Strategy*[13], which highlights the need to 'Expand Rail Service to Shippers, Improve Rail Security and Promote Rail as a Viable Transportation Mode for More Maine-Based Shippers' and 'Support and Expand Port Cargo Facilities and Respond to New Market Opportunities'. The Project represents an opportunity under the *2017 Searsport Intermodal Commodity Study* for Section 6.2 Business Case 2: Dry Bulk.[14] It is the precise kind of project Maine envisioned when their plans and strategics were developed.

Selection Criteria

Preference

The Project meets criteria for grant selection preference. The significant public and modest private benefits of the Project result in a strong benefit-costs ratio of 3.01:1.

Strategic Goals

A. ***Safety***: Track improvements make a railroad safer by diminishing the risk of track caused derailments. That's especially important for unit trains which typically carry dozens of railcars. The single cars coming from the plant and the up to 80-car unit trains those cars will become part of all require quality and reliable track. As additional customers locate to the Park in the years ahead, the track structure needs to be solid especially if new customers transport hazardous materials in railcars. Service from a railroad is an important part of a robust industrial park and safe track is as necessary to a cost-efficient industrial park as an

11 https://www.maine.gov/mdot/ofps/docs/Rail_Plan_7-9-2015.pdf, page 6.17

12 https://www.maine.gov/mdot/ofps/

13 https://www.maine.gov/mdot/ofps/docs/MaineDOT-FreightStrategy-Updt20171114.pdf, ES-10, ES-11

14 https://www.maine.gov/mdot/ofps/docs/SearsportIntermodalCommodityReport_FINAL_20170803.pdf

access road. Additionally, an important Project element calls for three grade crossings in Millinocket to be upgraded with grossing gates to augment safety.

B. ***Equitable economic strength and improving core assets***: The Project will improve every part of the railroad–the mainline, a yard, port tracks, and an important rail spur that will support one of the largest rail customers–and one of the largest employers–to locate in Maine in years. These improvements generate jobs. The pellet plant and additional park tenants will reverse the trend of the last decade and return Millinocket and the surrounding very rural area to a new phase of growth. Given the surrounding rural area as well as Interstate 95 approaching Millinocket from the urban areas of the south, equitable employment opportunities will expand for all Mainers.
C. ***Equity and barriers to opportunity***: HCS will ensure all individuals have the ability to obtain jobs resulting from the plant. Employment will be available to Indigenous Peoples who make up a key number of the population in central and northern Maine. The jobs will help the diverse makeup of the community become employed in skilled trades. The pellet plant will provide a family-wage addition to tourism-related jobs in the region. Wages and benefits will be strong and HCS will offer a broad range of good-paying jobs that lead to more economic opportunity and a more inclusive and broad-based economy.
D. ***Climate change and sustainability***: With CRISI funding, the most environmentally efficient mode of ground transportation–rail–will connect directly with seaborn shipping at Searsport for export to Europe while supporting one of the most environmentally efficient power generating means–wood pellets. The growth and popularity of pellet use globally combined with the raw materials abundant in Maine gives the state a big opportunity to elevate this business. HCS measures every step in the pellet life cycle. "The economies of scale are a big advantage as we are able to ship our biomass in vessels as large as 60,000 tonnes capacity. We measure the carbon footprint of every step in the supply chain, so we know exactly how much carbon is emitted during harvest, processing and transport. Even when this entire life cycle is taken into account, savings relative to coal are around 80%".[15]
E. ***Transformation***: The need to rapidly improve and strengthen crumbling infrastructure in the U.S. has become abundantly clear. The Bipartisan Infrastructure Law is the largest investment in decades dedicated to improving, expanding and modernizing roads, bridges, rail, pipes, broadband and numerous other infrastructure components. While railroad infrastructure is generally privately funded, those dollars are tight for low density rail lines in Maine. For the past two decades, forest product-related plant closures have decimated communities and indirect businesses–carloads for Maine railroads have decreased 42 percent. Now one of the largest industrial plants to locate in Maine in decades is about to commence construction and the railroad infrastructure is a key component to the development and must be transformed to support this opportunity. Along the way, CRISI funding and resulting improvements will be a catalyst to attract additional rail-related business to the state.

IX. PROJECT IMPLEMENTATION AND MANAGEMENT

A copy of the detailed Project Management Plan can be found in the Statement of Work, Attachment 2.

[15] https://highland-pellets.com/faq/

Project Implementation

MaineDOT, HCS, One North, NBM and CP are committed to a quick start and timely execution of the Project and are highly experienced at the successful completion of grant-funded rail projects. All matching funds are committed. Cost estimates were developed for the new loop track following extensive design and study of options by engineering firm Tech Associates, which has considerable experience with rail industry-related design and has frequently performed similar work. There are no pending agreements or legislative approvals required and most Project work will be done on existing railroad right-of-way with no change of purpose or use. The loop track; however, will be constructed where no track currently exists.

MaineDOT and all other partners will comply with *all* requirements and assurances of Federal law pertaining to the Project as it has done with Federally-funded projects for decades. The Agency will comply with Buy America regulations. All partners assure FRA that they will comply with all administrative and national policy requirements including procurement standards, civil rights laws, disadvantaged business requirements, ADA compliance and all other Federal laws, policies and regulations. MaineDOT has assurances in place to ensure contractors will not discriminate because of race, color, religious creed, sex, national origin, ancestry, age or physical handicap.

In accordance with section 22905(c)(1) of title 49, United States Code (U.S.C.), MaineDOT has obtained written agreement from Canadian Pacific Railway and NBM Railways indicating their consent to constructing line improvements under this CRISI grant request. (The HCS loop track is not on the general railroad system and falls outside of a 22905 agreement). Agreements are located in Attachment 8. MaineDOT and contractors can and will easily obtain access to work sites from public roads and by using hi-rail equipment moving on the railroad right-of-way.

Management Arrangements

Nate Moulton, MaineDOT Director of Freight and Passenger Services, will serve as project administrator. MaineDOT will perform project management and oversight duties and will assign appropriate multi-disciplinary resources to accomplish all tasks. The agency will be responsible for progress reports, the managing of funds drawdown requests and ensuring compliance with all Federal requirements including:

- Progress reports on a quarterly basis (FRA Quarterly Progress Report)
- Federal financial reports on a quarterly basis (Federal Financial Report – SF-425)
- Final report on or before the end of the period of performance (Final Performance Report)

The Agency will include areas such as monitoring of status and any deviations in terms of Project scope, schedule and cost as well as any Project safety considerations. The Agency will ensure a proactive role in close cooperation with contractors and consultants to identify, evaluate and mitigate risks. MaineDOT personnel and contract inspectors will be on-site inspecting and verifying work throughout construction.

MaineDOT will work with the railroad partners, contractors, HCS and all parties to achieve all post-award requirements from the initial meeting with FRA through Project close. The Agency will finalize the environmental planning, design and schedule review in the first half of 2023 and construction is anticipated in 2024 and 2025. The Agency will be responsible for facilitating the coordination of all activities necessary for implementation. If awarded, MaineDOT will monitor and evaluate progress through regular meetings scheduled throughout the period of performance.

MaineDOT, Our Katahdin, NBM and CP own all Project property. No agreements with additional landowners are required to proceed. All Project partners agree to allow each other any access required to complete the Project. Contractors will be able to easily obtain access to work sites from public roads and partners' property. Upon completion, the agency will ensure the work area is left in the same manner or better than it was found, leaving no evidence work took place. Risks for the Project are few and are described, along with mitigation plans, in Attachment 2.

Numerous stakeholders are strongly supportive of the Project as evidenced by the number of support letters. Support letters from The Honorable Senator Susan Collins and The Honorable Senator Angus King as well as The Honorable Governor Janet Mills are forthcoming. HCS is committed to constructing the plant, which will decrease the company's transportation costs as product moves to Europe from Maine. HCS has numerous European Union buyers lined up. Environmental challenges are minimal. Execution risk is low and MaineDOT is a grantee of previous U.S.DOT grant awards and has completed projects on time and within project budgets. While no rail improvement project is without some level of challenge, the Project is rather typical of right-of-way improvements and construction throughout North America.

X. PLANNING READINESS (Track 3: FD/Construction)

Investment Needs Discovery
Following HCS's due diligence in identifying a location to build a pellet plant, officials began extensive scrutiny of rail-related infrastructure that HCS would rely on. Completing the Project will allow shipments from HCS and future Park customers to safely move by rail. But that outcome first entailed a detailed assessment and final list of the work needed to be performed and where.

As outlined previously, MaineDOT has obtained written agreement from Canadian Pacific Railway and NBM Railways indicating consent for constructing line improvements consistent with section 22905(c)(1) of title 49, United States Code (U.S.C.). Parties can and will easily obtain access to work sites from public roads and by using hi-rail equipment moving on the railroad right-of-way. Upon completion, MaineDOT will ensure the work area is left in the same manner or better than found and leave no evidence work took place on its private right-of-way.

XI. DESIGN READINESS

The design of a project such as this is very common in the rail industry and MaineDOT has years of experience performing the exact work elements. MaineDOT and Project partners have completed all necessary Planning and Preliminary Engineering (PE) work for the portions of the Project where tracks already exist. Preliminary engineering design of the loop track is complete.

The greenfield spur and loop track were designed following careful environmental considerations as well as incorporation of beneficial existing elements at the Pine Bluff facility. MaineDOT is highly experienced implementing similar track improvement projects.

The work will be cataloged and added to NBM and CP timetables/track charts, located in Attachment 9. The work is fundamentally similar to that performed on railroads and in industrial parks throughout North America and will conform to all Federal, state and local safety and regulatory requirements. Completed work will be as resilient to climate change as possible. The scope of work for this Project requires no in water work on bridges or in waterways. MaineDOT will obtain any permits as necessary to complete the Project.

XII. ENVIRONMENTAL READINESS

The Project is best described environmentally when broken down into two components: track-related Project components and bio-industrial park-related Project components.

Track-related components: Based on this scope of work, there is no reason to believe that any impacts exist to trigger a NEPA class of action other than a Categorical Exclusion. The forthcoming environmental worksheet will continue to be refined to include detailed impact analyses documentation and correspondence with relevant authorities and stakeholders. A wetlands analysis will be performed as part of the environmental analysis but there is no reason to believe any concerns exist. The property owner has recently performed wetland and vernal pool delineation. While there will be wetlands impacted, vernal pools will not be impacted within the limits of the Project. NEPA-related documents can be found in Attachment 6. Most track-related work consists of yard, mainline and spur track improvements to existing track, including replacing or improving existing track within the same confines of the right-of-way. There is no in-water work contemplated in the scope of work. The three railroad grade crossing improvements will not change the course, speed or width of any roads.
Bio-industrial park-related components: The site consists of two grounds: a Greenfield site and a Brownfield site.

> **Greenfield**: This undeveloped site will consist of the new wood pellet plant and the double loop track. The area of proposed development in the greenfield has previously been delineated for wetlands and vernal pools. No vernal pools will be impacted by construction of the greenfield spur and double-loop track.
> **Brownfield**: This site consists of the former Great Northern Paper Mill. Our Katahdin and their consultants have undertaken numerous measures to ensure the brownfield is ready to employ rail service once again to serve today's environmentally-friendly industries. Project environmental consultant Ransom Consulting, LLC ("Ransom") performed a hazardous material inventory of the brownfield site, including the location where tracks currently exist and will be rehabilitated. A Phase 2 Environmental Site Assessment is underway for the area. Fuel oil tanks requiring cleanup were identified and will be evaluated for future re-use in bio-fuel production. Our Katahdin is in the process of applying for a brownfield remediation grant from the EPA with grant determination expected in the next few months and, if successful, release of funds in 2023. Our Katahdin has been very successful securing "brownfield assessment and clean-up funds" and has confidence this year's submission will

be well received. Funding would assist with remediation of tanks and associated infrastructure. This grant funding and associated work is taking place at a good time. It allows parties to remove harmful remnants of the paper mill and lay the foundation for new industries to locate on the property. The EPA grant positively impacts the Project and allows Project partners to advance rail work in the area.

Primary applicant MaineDOT will initiate a contract with firm VHB to complete environmental work for the Project including a CE checklist for the railroad portions of the Project where track currently exists or previously existed in the railroad right-of-way. Firm VHB will perform Environmental Assessment work on the greenfield portion of the Project location where the HCS loop track will be constructed. VHB has begun preliminary baseline data collection to identify natural and cultural resources potentially affected by the Project. The information will be refined during design and will be used to avoid and minimize impact while meeting the purpose and needs of the Project. The scope of work includes addressing any concerns covered under the following grounds:

1. National Environmental Policy Act (NEPA)
2. Historic and Archeological
3. Section 4(f) of the Department of Transportation Act
4. Endangered Species Act (ESA) and Essential Fisheries Habitat (EFH)
5. Section 404 Clean Water Act Permit (U.S. Army Corps of Engineers)
6. Natural Resources Protection Act (Maine Department of Environmental Protection)
7. Stormwater (Maine DEP)
8. Floodway/Floodplains

Based on the scope of work, there is no reason to believe any challenges exist to trigger an Environmental Impact Statement (EIS). In an attached letter dated March 15, 2021 the Maine Historic Preservation Commission has determined there are no historic properties affected by the Project, Attachment 6. The Bio-industrial park-related railroad work is very similar to that completed throughout the U.S. and, given Ransom's experience and thorough environmental testing, there is no reason to believe any concerns exist to hamper the Project. All Partiers are experienced implementing Projects with minimal disruption to the environment.

XIII. STRATEGIC GOALS

Project planning gave careful consideration to any nearby disadvantaged communities, which are minimal, as well as to climate change and sustainability and will continue to do so prior to receiving CRISI funding, consistent with Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad* (86 FR 7619). Project planning included a search to recognize any Environmental Justice concerns. MaineDOT utilizes the EPA's Environmental Justice Screening and Mapping Tool (EJSCREEN) for all Federally-funded projects and Project information may be found in Appendix G, EJSCREEN.[16] MaineDOT is committed to complying with Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the*

[16] https://www.epa.gov/ejscreen

Federal Government (86 FR 7009). MaineDOT is committed to thoroughly addressing equity and barriers to opportunity.

The Agency is committed to advancing the mission of Executive Order 14025, *Worker Organizing and Empowerment* (86 FR 22829), and Executive Order 14052, *Implementation of the Infrastructure Investment and Jobs Act* (86 FR 64335). HCS recognizes the right for their workers to organize. Unions are not traditionally associated with small short line railroads. Larger railroads, including Project partner Canadian Pacific Railway employees are union members and this new rail business will create additional work and demand for employees with CP. All partners will make good faith efforts to meet the goals of 6.9% of construction project hours performed by women in addition to goals based on geography for construction work hours and work performed by people of color. In this region, MaineDOT and HCS have a positive relationship with Indigenous Peoples and intend to introduce Project-related job opportunities to tribes. All partners take physical and cyber security threats seriously and will work with Federal agencies to ensure cybersecurity systems are in place.

Detailed strategic goals are located in the Project Benefits section highlight the importance of creating jobs that pay sustainable salaries in an extremely rural region. HCS estimates more than 100 direct jobs will result from the pellet plant. Those jobs cover a range of skilled trade and management positions. HCS recognizes the right for their workers to organize. Maine offers generous tax benefits under the state's *Pine Tree Development Zone Program*, detailed in the Project Description section. The program calls for HCS to provide fair wages to employees and access to health insurance and a retirement program.

ATTACHMENTS