PROJECT REQUIREMENTS

The Project meets all INFRA program requirements and additional MPDG requirements:

1) The project will generate national, or regional economic, mobility, or safety benefits

Economic benefits

- More than \$4 billion in discounted benefits and a 9.3:1 benefits-cost ratio on a \$79 million investment, of which 40 percent is match dollars a strong yield on Federal investment.
- 452,000 annual carloads and containers of freight by 2033
- 10,900 cumulative direct and indirect family-wage jobs by Project completion date

Safety benefits

- eliminate nearly 8 million truckloads from rural roads: leading to a nearly \$2 billion reduction in costs as lives are saved and injuries are avoided in truck crashes
- reduce train derailments: will decrease damage, possible health concerns and inconvenience to rural residents and the environment, although difficult to quantify
- reduce train vs. vehicle crashes: railroad crossings will be equipped with modern warning devices
- 2) The project will be cost effective

Project benefits exceed costs by a 9.3:1 margin. Non-Safety benefits from truck elimination fall into three main categories:

- Fuel Savings: 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 \$1.38 billion 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 (August 2023) 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 and Congestion: Improving the line avoids more than 2.7 billion highway miles driven over the 30-year life of the analysis, a savings of almost \$1.07 billion in congestion and highway maintenance costs on a discounted basis.
- Harmful Emissions: Rail transportation is not only far more fuel efficient than trucking, but railroads also emit fewer harmful emissions. When combined with the reduction in overall truck traffic, there are more than \$900 million in savings from reduced NOx, volatile organic compounds, particulate matter and sulfur dioxide.
- *3) The project will contribute to 1 or more of the national goals described under Section 150*

While the Project has the overall regional goal of making needed improvements to critical *rail* lines in rural Maine used to transport goods from throughout New England and the Midwest, Project outcomes will greatly benefit rural *roads*. The Project is estimated to reduce truck traffic in rural communities by nearly 8 million trucks. This positive affect the Project will have on roads is consistent with national goals of 23 USC 150.

1. Safety – achieve a significant reduction in traffic fatalities and serious injuries on all public roads

The Project will avoid an estimated 156 fatalities and 560 injuries on public roads as freight is shifted from truck to rail.

The Project will reduce train vs. vehicle crashes on roads because railroad crossings will be upgraded with modern warning devices. That number has not been estimated and is not included in the BCA.

2. Infrastructure condition – maintain the highway infrastructure asset system in a state of good repair

The Project will reduce the amount of wear and tear resulting from trucks on rural roads and bridges, which is estimated to save \$600 million in road maintenance, discounted over 30 years. It will also reduce the potential for placing inefficient weight restrictions on bridges as they deteriorate. That would result in costly truck reroutes and potentially increase the mileage of roads suffering damage.

3. Congestion reduction – achieve a significant reduction in congestion on the National Highway System

While rural roads do not face the same traffic volume as urban ones, their topography can make them potentially dangerous. The Project will reduce truck volume on *National Highway System* state Route 9 as well as non-NHS routes U.S. Highway 1 and State Route 6. Combined, these roads handle average annual daily traffic of 11,130. Of that, 2,216, or 20 percent, are heavy trucks. Completing the Project will reduce the number of trucks on these roads, saving \$473 million discounted over 30 years.

4. System reliability – improve the efficiency of the surface transportation system

Both road and rail surface transportation will benefit because the Project will result in improved rail capacity, reliability and speed to efficiently handle current traffic levels and an increase in freight on the line. It also provides a direct connection to an east coast port linking U.S. manufacturing goods to global markets.

5. Freight movement and economic vitality – improve the National Highway Freight

Network, strengthen the ability of rural communities to access national and international trade markets, and support regional economic development

Consistent with Section 150 goals, the Project will greatly strengthen the ability of rural communities in Maine to reach national markets by rail and international markets via ports. It will also support the vital resurgence of the forest products industry in Maine.

6. Reduced project delivery delays – reduce project costs, promote jobs and the economy, and expedite the movement of people and goods by accelerating project completion through eliminating delays in the project development and delivery process, including reducing regulatory burdens and improving agencies' work practices

MaineDOT recognizes the importance of completing projects that impact Section 150 goals on time and on budget. The Agency is committed to ensuring components are delivered on time and labor is available to complete the Project. Railroads are private companies responsible for the maintenance of the infrastructure they use. They have a great level of experience delivering components to a work site on time, constructing infrastructure safely and reliably and performing administrative functions that mitigate any project delays.

4) The project is based on the results of preliminary engineering

Identical Project work is commonly performed by railroads throughout North America. The work is most often performed under the guidance of a set schedule; however, unscheduled work is also performed by railroads as pressing needs arise – following a washout, derailment or any other event that causes a rail line to close. The work is common and preliminary engineering is generally not required for such work as it is generally replacement of existing infrastructure.

5) With respect to related non-Federal financial commitments, one or more stable and dependable funding or financing sources are available to construct, maintain, and operate the project, and to cover cost increases

MaineDOT with NBM Railways is providing match funding. MaineDOT will commit to fully funding the Project's financial match component and any additional costs for contingencies that may occur. The funds have been allocated to the Project and are readily available. NBM will fund ongoing maintenance of the lines.

6) The project cannot be easily and efficiently completed without other Federal funding or financing available to the project sponsor

Given the decrease in traffic volume in recent years due to the decline of the forest products business, the railroad has not generated the revenue required to adequately support improving the line with modern infrastructure. Federal funding is needed to accompany the work and support the economic turnaround with Maine's forest products industry. 7) The project is reasonably expected to begin construction not later than 18 months after the date of obligation of funds for the project

Given the common nature of the work and since match funding is available and committed, obligation of funds can easily begin on the obligation date and construction begin on the start date. MaineDOT is very experienced constructing grant-funded projects expeditiously, managing financial reporting requirements and administering back-office functions.

The Project will be administered by Mr. Nathan Moulton, Director, Office of Freight and Passenger Services, Maine Department of Transportation. Mr. Moulton has successfully managed railroad-related projects statewide for more than 23 years. He has served as Project Administrator on numerous Federally-funded USDOT and FRA grant projects:

- TIGER II Rehabilitation of the state-owned Aroostook Lines in 2011, \$11.6 million
- TIGER VII Maine Regional Railways Project in 2015, \$37.4 million
- FASTLANE II Maine Railroad Bridge Capacity Project in 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.

Strategic Objectives

The Project is supportive of all four Strategic Objectives within the Infrastructure Goal in USDOT's Strategic Plan.¹ The Project *leverages private investment* and *builds 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.

¹ <u>https://www.transportation.gov/sites/dot.gov/files/docs/mission/administrations/office-policy/304866/dot-strategic-planfy2018-2022508.pdf</u>, page 7