

Willmar Rail Connector and Industrial Access

Application Type: Capital Grant

Project Type: Rural

Project Cost: \$46.8M

TIGER Request: \$15M





APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Executive Summary

The Project. The Willmar Rail Connector and Industrial Access Project would provide a direct connection between the Marshall and Morris Subdivisions of the BNSF rail network. Providing this direct connection would eliminate the need for 7 to 10 trains daily to pull into the rail yard in downtown Willmar. The Project also includes a rail spur that would provide access to the City's industrial park, one of the prime sites available for industrial development in the region.

The Project represents the final component of a much larger 10-year local initiative in which the City and County have proactively planned for the southern and western expansion of the Willmar community; they have steadily made incremental investments totaling more than \$118 million over the past decade toward this end. **The Project would return three dollars of benefits for every dollar invested.**

The City of Willmar, a commercial center for the agricultural communities of southwestern Minnesota, is at the cusp of a lower-income and middle-income community; median incomes in Willmar are below the U.S. 2014 median income of \$51,939. The Project would help sustain Willmar and the broader region that relies on it over the long-term by supporting local economic development opportunities and quality of life as described in the President's Ladders of Opportunity initiative. By making Willmar a nicer place to live, the Project reinforces local economic development initiatives by helping to attract and retain skilled workers.

Why Needed? Currently trains moving north-south between Fargo, ND (and origins north) and Kansas City, MO (and destinations south) must pull into the Willmar yard, reverse direction, and reposition locomotives and crews. In the process, trains create excess emissions and noise, block crossings, and impede the flow of traffic in Willmar, and consume yard and mainline capacity. Safety at the crossings for vehicles, pedestrians, and school buses, as well as the responsiveness of fire, ambulance, police, and other emergency services are also community concerns. By reducing train traffic in downtown Willmar, these negatives are diminished and quality of life is enhanced. This investment also creates both rail capacity and operational flexibility, and would allow for BNSF to relieve one of the more congested areas on the northern part of its system. This transformative Project is the last element of a greater local effort to improve the quality of life for Willmar residents and open up opportunities for economic growth.

Project Sponsors. The Willmar Rail Connector and Industrial Access Project benefits from a close public-private partnership between the State of Minnesota (MnDOT), the City of Willmar, Kandiyohi County, the Kandiyohi County and City of Willmar Economic Development Commission, and BNSF. All parties have signed a Memorandum of Understanding to advance the Project. The five Project Partners have come together to commit nearly \$32M in direct and in-kind contributions to advance this Project. The Governor of Minnesota, Mark Dayton, wrote a letter stating that "rail safety and improvements are one of my top priorities" and expressed his "strong support" for the Project. Senators Al Franken and Amy Klobuchar also provided letters with strong support. The numerous letters of support are included in the supplementary materials provided with this application and further underscore the broad community support for this Project. These are available at: <http://www.mndot.gov/ofrw/willmar>.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Table of Contents

Executive Summary i

I. Project Overview1

 A. Transportation Challenges Addressed 6

 B. Local Economic Development Benefits to Willmar Residents 7

 C. Local Quality of Life Benefits to Willmar Residents 9

 D. Project Beneficiaries 10

II. Project Parties.....11

 A. Department of Transportation, State of Minnesota..... 12

 B. BNSF Railway Company..... 12

 C. City of Willmar, MN..... 12

 D. Kandiyohi County 13

 E. Kandiyohi County and City of Willmar Economic Development Commission..... 13

III. Grant Funds and Sources/Uses of Project Funds13

 A. Amount of Grant Funding Requested 13

 B. Availability/Commitment of Funds Sources and Uses of All Project Funds 13

 C. Operations and Maintenance..... 14

 D. Total Project Costs 14

IV. Selection Criteria15

 A. Long-Term Outcomes 17

 B. Secondary Criteria 23

V. Project Readiness and NEPA24

 A. Environmental Approvals 25

 B. Legislative Approvals 25

 C. State and Local Planning 25

 D. Technical Feasibility 27

 E. Financial Feasibility..... 28

 F. Project Schedule..... 28

VI. Attachments and Supplemental Materials29

Application Snapshot

Project Title: Willmar Rail Connection and Industrial Access Project

Application Type: Rural, Capital

Applicant: Minnesota Department of Transportation

Applicant Type: State Department of Transportation

TIGER Funds Requested: \$15 million, every \$1 of TIGER funding leverages \$2.12 of non-federal funds

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APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

I. Project Overview

The Willmar Rail Connector and Industrial Access Project (the Project) has two main components: a wye that alleviates a freight bottleneck in southwestern Minnesota, and a rail spur off of the wye that provides rail access to the City of Willmar's industrial park. Collectively, these improvements would alleviate a bottleneck in the regional rail network, expand economic prospects and improve quality of life in the City of Willmar, and increase capacity and operational flexibility in BNSF Railway's (BNSF hereafter) network.

The wye connection would provide a direct connection between the Marshall and Morris Subdivisions of the BNSF rail network. Providing this direct connection would remove the need for 7 to 10 daily trains to pull into the rail yard in downtown Willmar. Currently, a train making this connection must pull into the Willmar Yard ("the Yard"), reverse direction, and reposition locomotives and crews, creating excess emissions and noise, blocking at-grade crossings in Willmar, and consuming yard and mainline capacity. The switching movements in the downtown area negatively impact quality of life, environmental sustainability, and safety for the residents in and around downtown Willmar. These impacts are anticipated to rise over time with increasing freight traffic.

The Project also includes a rail spur that would provide access to the City's industrial park, one of the prime sites available for industrial development in the region. The City of Willmar and Kandiyohi County have steadily made incremental investments totaling more than \$118 million over the past decade to proactively plan for Willmar's growth. Activities accomplished thus far have included relocating the airport to create room for the industrial park expansion and investments in supporting infrastructure, such as sewer and traffic enhancements. With the introduction of rail access, the Willmar industrial park would be served by all three major freight modes (air, rail and truck), allowing it to serve as a regional transshipment hub.

Rail Network Improvement

In addition to benefiting the City of Willmar and Kandiyohi County, the Project would create capacity and operational flexibility for the regional network, helping to relieve one of the more congested areas on this part of the BNSF rail system. Current rail congestion and the Yard's track configuration impose a delay cost on shippers using the railroad. BNSF employs approximately 215 people at its Willmar terminal and operates three lines out of the Yard (*Minnesota Comprehensive Statewide Freight and Passenger Rail Plan Draft Memorandum* (2009)), as follows:

- The Marshall Subdivision runs southwest from Willmar to the South Dakota border continuing to Sioux City, Iowa and carries around 13 trains a day.
- The Morris Subdivision runs northwest from Willmar to East Breckenridge, Minnesota and carries around 13 trains a day.
- The Wayzata Subdivision runs east-west from Harrison Street in Minneapolis to Willmar where it connects with the Morris and Marshall Subdivisions and carries around 19 trains a day.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Project Location

The Project is located in the City of Willmar, the county seat for Kandiyohi County and the commercial center for the rural communities in Kandiyohi County as shown in Exhibit 1. Because of its location at the intersection of three rail lines and the presence of a significant regional rail yard, Willmar is a strategic location within BNSF's network.

According to the *2013 American Community Survey*, the City of Willmar has just under 20,000 residents and the Micropolitan Statistical Area has just over 42,340 residents (U.S. Census, 2013). The median income in the City of Willmar is 20 percent below the U.S. median income, placing it at the cusp of a lower to middle income community. Moreover, the *2013 American Community Survey* estimate of poverty for the City of Willmar is 22 percent; that is, one in every five Willmar residents lives on an income at or below the national poverty threshold measured at \$12,119 for an individual under age 65.

Project Need

Longer and more frequent trains and industrial development in this region, combined with the nation's freight growth overall, are intensifying the pressure on rail traffic in Willmar. Moreover, because all trains must currently enter the Yard to switch from one subdivision to another, the current track configuration imposes a delay cost on shippers using the railroad. As a result, Willmar is a congestion point in the national freight network. The costs of this delay and disruption to local Willmar commerce and quality of life are anticipated to rise with growing rail freight traffic in coming decades. Exhibit 2 illustrates the current train movements in and out of the Yard required to connect the Morris and Marshall subdivisions.

As illustrated in the Exhibit 2, a train traveling southbound from Fargo, ND (or origins north and west) toward Kansas City, MO (or destinations south and east) would enter the area on the Morris Subdivision. In order to continue traveling south, the train must connect to the Marshall Subdivision. Currently trains making that connection must pull into the Willmar Yard (blue dashed line in Exhibit 2), reverse direction, reposition locomotives and crews (red dashed line in Exhibit 2), and continue south on the Marshall Subdivision (orange line in Exhibit 2). As a train moves through Willmar, it creates excess emissions, blocks eleven at-grade crossings in Willmar (10 are shown in Exhibit 2 and one crossing is outside the limits of the map), and consumes yard and mainline capacity that would otherwise be used for servicing local business and handling other through trains. In the process of making this connection, trains occupy the main track and block access to the rest of the Willmar Yard. Each segment of this maneuver traverses at-grade crossings, blocking vehicular road traffic (marked with a red X in Exhibit 2).

Benefits of Proposed Project

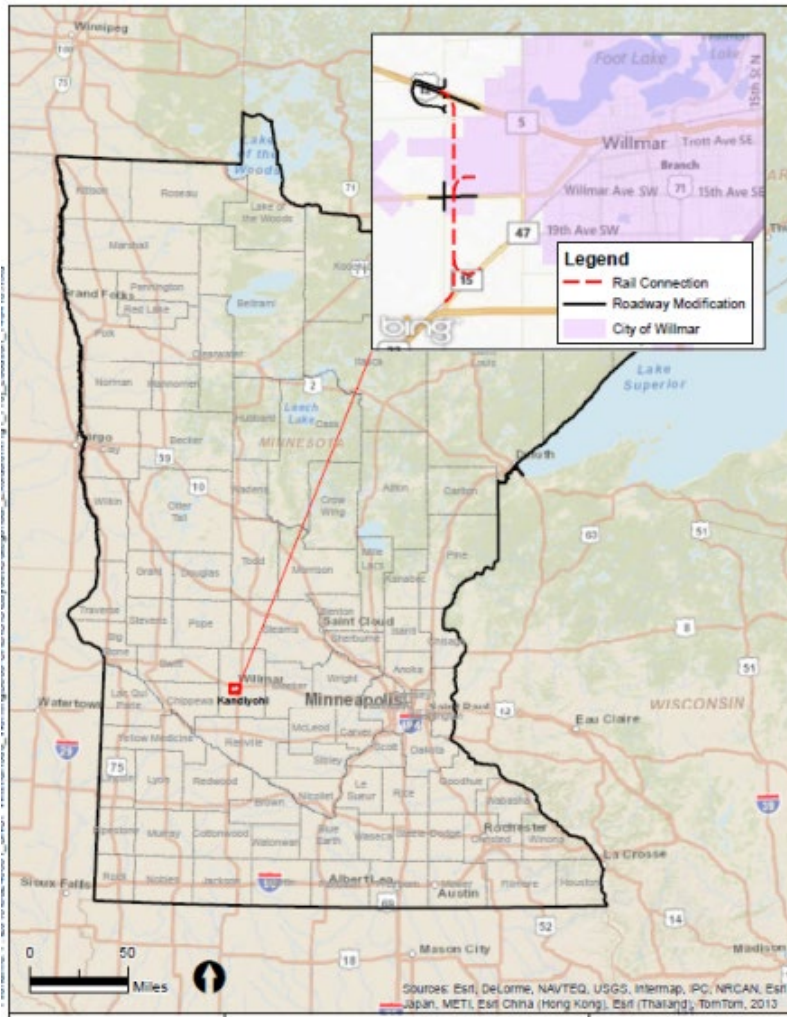
The Project would provide a direct north-south connection between the Morris and Marshall Subdivisions (illustrated by the solid green line connecting the Morris to the Marshall Subdivision in Exhibit 2) for 7 to 10 trains daily (trains moving in both directions). The Project would also completely eliminate the reversing moves in the Yard and significantly reduce the total number of train movements in downtown Willmar.

In addition, when the Willmar terminal is too congested, BNSF must run trains on a longer route over the already congested Staples Subdivision of the Great Northern Corridor, and through other metropolitan areas such as Minneapolis. Exhibit 3 illustrates alternative routes (the orange

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

lines indicate the existing network); the blue and green lines illustrate the alternative longer paths taken currently by rail traffic when the Yard is too congested to handle all the rail traffic on the line. The black line illustrates the shorter primary route taken by north-south rail traffic that would be enabled by the Project. The longer travel mileage associated with the green and blue paths relative to the more direct black path imposes a cost on shippers whose goods must traverse this routing. With this Project, BNSF would be able to handle more trains and move them directly between the two subdivisions faster and more efficiently. These rail improvements would particularly benefit agricultural and energy customers in the northern plains.

Exhibit 1: Map Showing Willmar’s Location and the Project’s Location within Willmar (inset)



Additionally, with the new spur serving the industrial park, which the City is developing on its former airport property, industries that desire direct rail service for a competitive edge or operational needs would benefit from being connected to BNSF’s Class I network and shortline connections. Exhibit 4 shows the Project’s location relative to the City’s industrial park (the wye is shown in red and the spur in blue). BNSF has already provided assistance through its Economic Development team to assist and work with the City of Willmar and Kandiyohi County

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

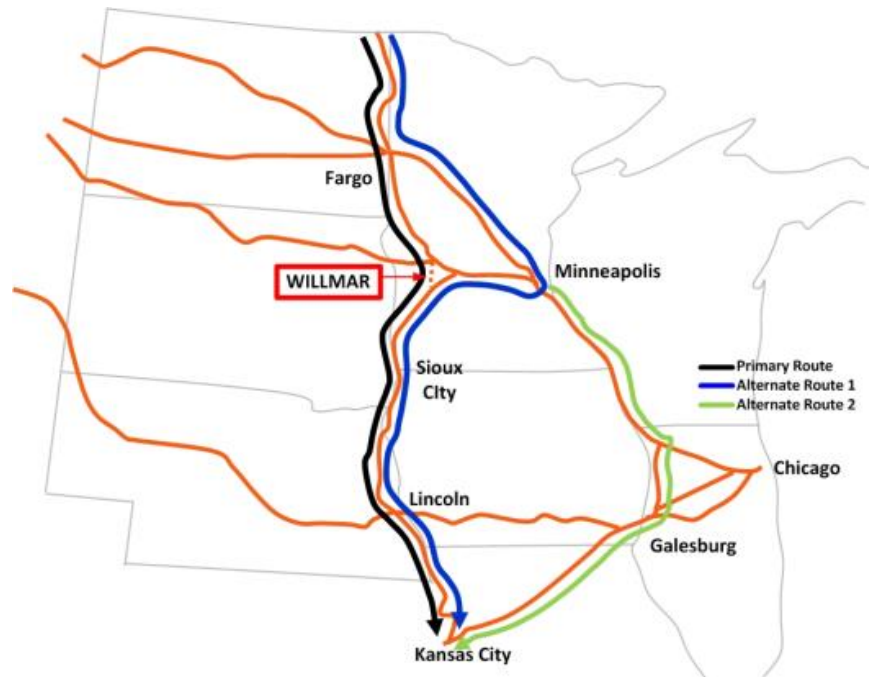
to identify and site potential customers and will continue to partner with the Economic Development team to market the site. The existing and expanded industrial park areas offer many opportunities for rail-served industrial development. Collectively, the investment and supporting economic development efforts foster the growth of jobs that offer sufficient wages and benefits to support middle class opportunities in this rural Minnesota community.

Exhibit 2: Map Illustrating Train Movement Required to Switch from the Morris to the Marshall Subdivisions



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 3: Existing Rail Flows through the BNSF Network and Possible Rerouting Enabled by the Project



Source: BNSF

Note: The existing network is depicted with solid orange lines in the Exhibit.

Exhibit 4: Western Progression of Industrial Park with Rail Spur from Willmar Connector





APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

The Project has been developed through a close public-private partnership between BNSF, the State of Minnesota Department of Transportation (MnDOT), the City of Willmar, Kandiyohi County, and the Kandiyohi County and City of Willmar Economic Development Commission (EDC). The strength of this partnership is noted in Minnesota's *State Rail Plan - Draft* (MnDOT, 2015) where the Project is highlighted as a model for advancing projects in the state. This Project would yield a number of benefits to the residents of Willmar and the surrounding region, BNSF, and shippers nationally, including:

- Greater safety for Willmar travelers by reducing at-grade crossing exposure. The value of these benefits is \$0.83 million over the analysis horizon.
- Delay and emissions savings for Willmar travelers by reducing wait times for crossings to clear. The value of these benefits equals \$6.26 million over the analysis horizon.
- Inventory savings to national shippers through faster transit times for trains using the connection. The value of these benefits equals \$0.38 million over the analysis horizon.
- Emissions reductions in the vicinity of the Yard and along the existing train corridors as trains rerouted to avoid congestion in the Yard would take a shorter route. The value of these emissions savings is \$41.21 million.
- Rail efficiencies to users of the national rail network through the ability to route trains with fewer delays and associated savings to the nation's rail shippers. The value of these benefits equals \$61.76 million over the analysis horizon.

A. Transportation Challenges Addressed

The current configuration of track requires that many trains traveling between the Morris and Marshall Subdivisions must travel through downtown Willmar into the Yard to make the transfer. This imposes a delay on through traffic and makes Willmar a chokepoint on the rail network. The negative impacts on shippers, local Willmar residents, and BNSF operations is intensifying with rising train traffic in this part of the network. The rail industry in the U.S. grew by 800,000 rail car loads in 2013, where BNSF accounted for half of that expansion. In 2014, volumes continued to increase and BNSF continued to handle the largest portion of these additional units. Rising crop yields, a growing energy industry, and the revitalization of selected manufacturing sectors contribute to the rising train volumes. With the expansion of the Panama Canal and the greater access to and from Gulf Ports and Asian markets that it affords, it is anticipated that Upper Midwest to Gulf Coast freight flows will expand. The construction of a connector track, located outside of downtown Willmar, would allow this through traffic to make the transfer more rapidly, saving operating costs, benefiting shippers by supporting faster and more reliable shipping times, and permitting BNSF to handle this traffic without disrupting downtown Willmar. Additionally, emissions reductions would result from the decrease in blocked at-grade crossings and diesel emissions from locomotive idling and out-of-route movements.

While the Project supports significant rail transportation benefits, this is not a project that BNSF could accomplish on its own. More than half of the capital cost required to build the Project is needed for road improvements for example, necessitating the involvement of state and local entities. BNSF investigated its own conceptual solutions to the issue posed by the Yard congestion, but their solutions only served a private corporate end and did not generate the same



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

range of quality of life, safety, and environmental benefits as the proposed Project would. Because of the City and County's desire to develop business in the industrial park on the west side of town and the benefit of taking trains out of town, BNSF is partnering with the State, City, County, and EDC to pursue the more expensive and complex, but ultimately more holistically beneficial, solution outlined in this Project.

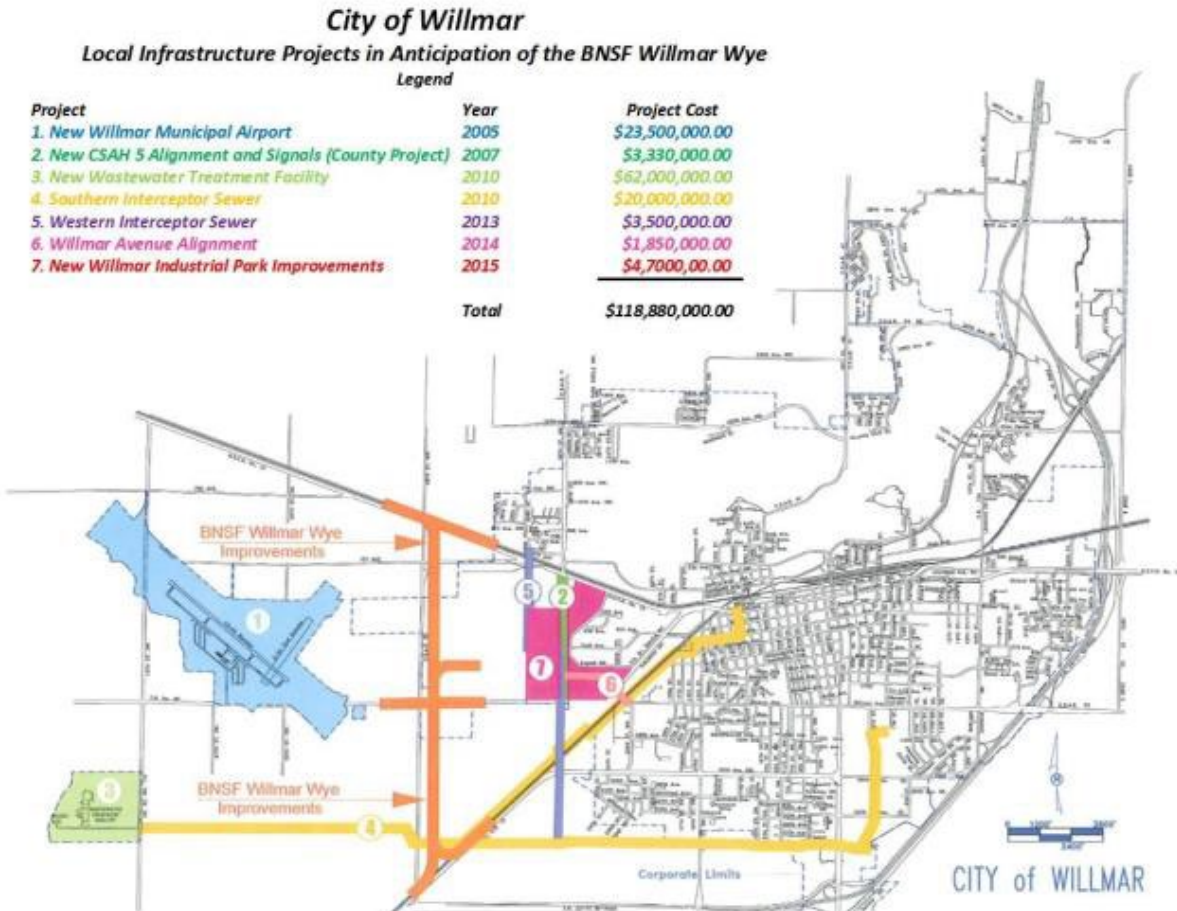
B. Local Economic Development Benefits to Willmar Residents

The Project represents the final component of a much larger 10-year local development initiative to proactively plan for the southern and western expansion of the Willmar community. The City and County have steadily made incremental investments totaling more than \$118 million over the past decade to proactively plan for Willmar's growth. Exhibit 5 illustrates the results of these investments, which have included relocating the local airport to create room for both the City's and the airport's expansion, relocating and updating sewer and water systems to support growth on this side of the City, and investing in multiple traffic signal and road improvements.

The City's and County's initiative is supported by policies at the state level. The MnDOT and Department of Employment and Economic Development have refined cargo-oriented development strategies outlined in their 2013 strategy document, *Freight Rail Economic Development* (FRED). The strategies foster economic growth that relies on freight rail transportation networks and facilities by reducing transportation costs through the removal of bottlenecks and freight congestion and improvements in transportation productivity; these actions improve local economic competitiveness. This Project is an example of a FRED strategy. In particular, Willmar has identified an emerging industrial park and completed the zoning and master planning to focus and accommodate economic growth attracted by the availability of improved rail service. The inclusion of the local EDC is aligned with the FRED strategy by ensuring that land use is coordinated with the capital investment and that the opportunity is marketed.

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 5: Locally-Funded Investments to Plan for Willmar’s Southwestern Expansion



Source: City of Willmar Public Works Department

The *Freight Rail Economic Development* document identifies a number of possible outcomes from a FRED strategy. This Project would create the following Ladders of Opportunity¹ for Willmar residents:

Ladders of Opportunity:

- Business attraction due to advantageous rail access and coordinated land use that fosters freight handling and development opportunities.
- Transportation efficiency and potential cost savings (resulting in greater profitability).
- Development of employment clusters utilizing skilled workers with technological skills in logistics-related fields. Such jobs may require an associate’s degree and often less training (frequently offered on the job) and pay wages and benefits to support a middle class household. The U.S. 2014 median *household* income was \$51,939, and the average

¹ The Ladders of Opportunity. <https://www.whitehouse.gov/issues/urban-and-economic-mobility>

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

wage for Transportation and Material Moving Occupations in non-metropolitan southwestern Minnesota was \$33,260. Production occupations such as those that might be attracted to Willmar’s industrial park similarly pay \$33,020, according to the Bureau of Labor Statistics’ Occupational Employment Statistics (May 2014). That means that a two-earner household (two full-time or one full-time and one part-time) can readily earn the equivalent of the U.S. median household income if one of the household members works in these occupations.

- Environmentally advantageous transportation movements.

C. Local Quality of Life Benefits to Willmar Residents

The reduction of train traffic through downtown Willmar would improve the local quality of life for residents by reducing delays at crossings, improving safety, reducing noise, and improving the reliability of fire, police, and ambulance response. Exhibit 6 illustrates a typical queue at a crossing in downtown Willmar (photograph taken in early 2015 at the intersection of 7th and Pacific looking north).

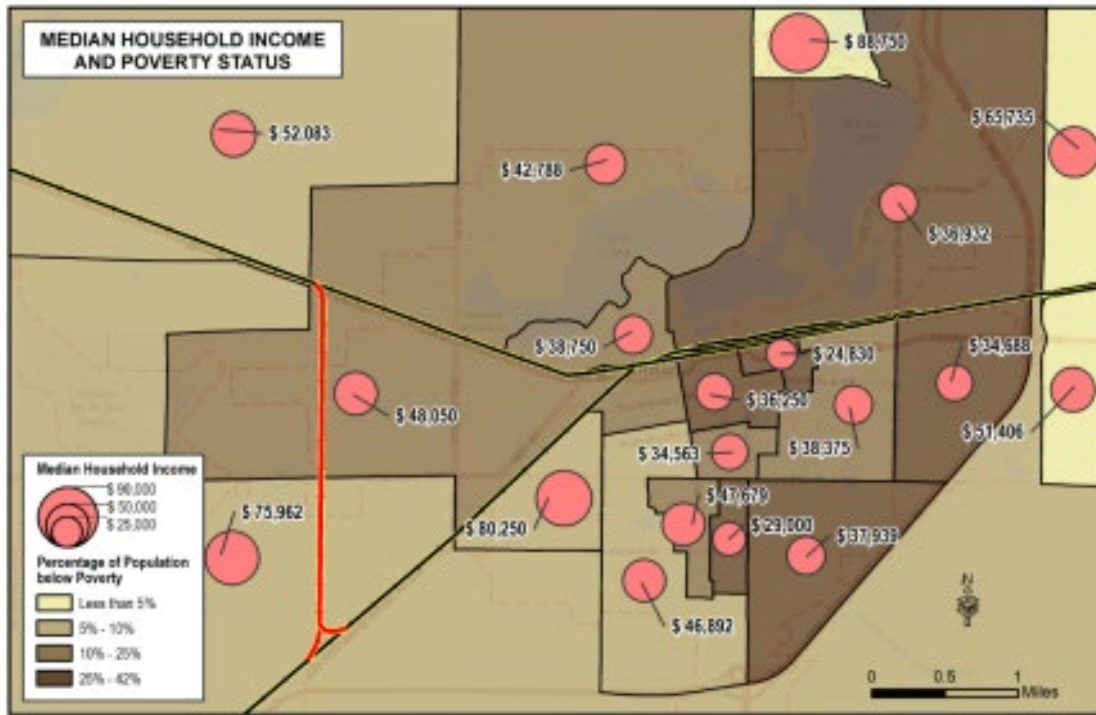
Exhibit 6: Typical Crossing Delay in Downtown Willmar



As illustrated in Exhibit 7, the City of Willmar is at the cusp of a lower-income and middle-income community; the Willmar median household income of \$41,050 is more than 20 percent below the U.S. median income of \$51,939 (U.S. Census ACS, 2009 to 2013 estimate). Thus, the quality of life improvements would squarely benefit the middle class opportunities described in the President’s Ladders of Opportunity initiative. The Connector would reduce noise, vibration, and traffic congestion currently experienced in downtown Willmar, particularly benefiting residents of the low-income and minority neighborhoods located in Census Tract 7808 just south of the Yard; these neighborhoods would directly benefit from the reduced trains through town. More broadly, by making Willmar a nicer place to live, the Project reinforces local economic development initiatives by supporting the ability to attract and retain skilled workers to advance the City’s economic growth. The local business community benefits directly through increased multimodal opportunities for shippers, particularly agricultural and industrial concerns in the region.

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 7: Median Incomes and Poverty Status in Willmar



The Project is considered a rural project for the TIGER Discretionary Grant Program based on 2010 U.S. Census definitions because it is in an Urbanized Area of fewer than 50,000 people. While the Project area is considered rural for the purposes of the application, Willmar is recognized as an important regional center for southwestern Minnesota, given its status as an Urban Cluster (U.S. Census, 2010) as well as a Micropolitan Statistical Area (U.S. Office of Management and Budget, OMB Bulletin No. 13-01). Urban Clusters are defined as areas with at least 2,500 and fewer than 50,000 people.

Micropolitan Statistical Areas include at least one Urban Cluster with a population of at least 10,000 but fewer than 50,000, plus any adjacent areas that have a high degree of social and economic integration with the core as measured by commuting ties. Willmar’s importance as a hub for the larger regional economy is shown in Exhibit 8; the City of Willmar draws commuters from Willmar (33 percent), Kandiyohi County outside of Willmar (30 percent), and the larger region (37 percent).

D. Project Beneficiaries

There are multiple stakeholders that would benefit from this Project.

- Existing residents of the middle income communities of the City of Willmar and Kandiyohi County who would experience improved quality of life and a more economically competitive local economy.
- BNSF, which would gain operating cost savings through faster and more reliable transit times and network fluidity.

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

- Users of this and other rail lines for whom the Project would create capacity and “optionality.”
- Regional and national shippers who would have access to faster and more reliable transportation services sure and intermodal choices.
- Residents in the western portion of the Minnesota who would have greater economic opportunities.

Exhibit 8: Willmar Is a Commercial Hub for the Broader Regional Economy



II. Project Parties

The Project is being developed and funded through a robust public (local and state governments) and private partnership:

1. The Minnesota Department of Transportation - State
2. City of Willmar, MN - Local
3. Kandiyohi County, MN - Local



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

4. Kandiyohi County and the City of Willmar EDC – Local
5. BNSF – Private

All five parties have signed a Memorandum of Understanding (MOU) regarding roles and responsibilities to advance the Project. A copy of the MOU is provided as supplementary information, as Attachment 2, and is available at: <http://www.mndot.gov/ofrw/willmar>.

A. Department of Transportation, State of Minnesota

Freight rail is important to the economic competitiveness of Minnesota and plays a vital role in the logistics of key Minnesota industries, according to the State’s *Freight Rail Economic Development* report (MnDOT et al, 2013). MnDOT’s role for the Project would include:

- TIGER 2015 Discretionary Grant Applicant
- Construction manager for non-rail road/bridge investment included in this application
- Maintenance of State roads
- Funding Commitment Partner – \$15 million
- Grant Recipient – Serves as the Grantee for any funds awarded to the Project and responsible for reporting requirements on behalf of the Project Partners

B. BNSF Railway Company

BNSF has 1,584 miles of track in Minnesota and is the State’s largest freight rail carrier. BNSF’s network connects Minnesota’s shippers and consignees with the West Coast ports and global market, as well as other U.S. and North American ports and markets. BNSF’s role for this Project would include:

- Owner of the rail network assets and underlying property, including the rail Connector
- Funding Commitment Partner – \$16 million
- Construction manager for rail investment included in this application
- Operator of the rail Connector investment, responsible for its maintenance
- Partner with the EDC to market the industrial park and available rail service to new businesses

C. City of Willmar, MN

The City of Willmar, which serves as the County seat for rural Kandiyohi County, has just under 20,000 residents and a median household income more than 20 percent below the equivalent nationwide figure, per the *American Community Survey* (U.S. Census, 2009 to 2013 estimate). The City’s role for the Project would include:

- Funding Commitment Partner –would donate 27 acres of right-of-way (ROW) to the Project, valued at \$336,000
- Aid in ensuring efficient integration of the TIGER 2015 Project into the development of the industrial park



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

D. Kandiyohi County

With a population of 42,342 (U.S. Census, 2013), Kandiyohi County is a rural county that spatially defines the Willmar, MN Micropolitan Statistical Area (U.S. Office of Management and Budget, 2013). The City of Willmar is the principal urban area within the Micropolitan Statistical Area. The Micropolitan is notable in the state as one of the rural communities that is countering the overall population decline of rural areas in the Plains (University of Minnesota, 2012). While young people are leaving rural communities for jobs and education opportunities after high school, older households (aged 30 to 49) are continuing to move back to many of those same communities. The Willmar Micropolitan is specifically called out as one of the State’s leading rural “brain gainers,” countering the overall trend. The County’s role in this Project would include:

- Funding Commitment Partner – \$459,000
- Maintenance of County roads
- Aid in ensuring efficient integration of the TIGER 2015 Project into the development of the industrial park and the County roads’ infrastructure

E. Kandiyohi County and City of Willmar Economic Development Commission

The Kandiyohi County and City of Willmar Economic Development Commission (EDC) was created through a Joint Powers Agreement between Kandiyohi County and the City of Willmar on July 1, 2003, under Minnesota Statute § 471.59 to encourage, attract, promote, and develop economically sound industry and commerce within the County and City. The EDC’s role in this Project would include:

- Funding Commitment Partner – \$35,000
- Aid in ensuring efficient integration of the TIGER 2015 Project into the development of the industrial park
- Market the industrial park and available rail service to new and existing businesses

III. Grant Funds and Sources/Uses of Project Funds

The following outlines the funding strategy for the Project.

A. Amount of Grant Funding Requested

The Minnesota Department of Transportation (MnDOT), on behalf of its funding partners, is requesting \$15,000,000 of TIGER 2015 Discretionary Grant funds to implement the Project.

B. Availability/Commitment of Funds Sources and Uses of All Project Funds

A non-federal match of \$31,830,000 is committed to the Project, shown in Exhibit 9. *Every dollar of TIGER funding leverages \$2.12 of private, state, and local funding.*



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 9: Summary of Non-TIGER Funding Partners, Amounts, and Sources

Funding Partner	Amount of Committed Funds	Source of Funds
MnDOT (applicant)	\$15,000,000	State Road Construction Funding
BNSF	\$16,000,000	BNSF Capital Budget FY 16 and 17
Kandiyohi County	\$459,000	County State Aid Highway Construction Allocation or County Road and Bridge Levy
City of Willmar	\$336,000	Assessed value of land held by City to be donated for ROW
EDC	\$35,000	Reserve Account
Total Match Funds	\$31,830,000	

C. Operations and Maintenance

The Project consists of rail infrastructure that would be maintained by BNSF. Elements of road infrastructure are also included in the Project. State roads and non-rail structures would be maintained by MnDOT. The County would maintain County roads. Operating costs for each element are included in the total costs considered in the Benefit-Cost Analysis included with the attachments to this application.

D. Total Project Costs

The Project’s total capital cost would be just under \$46,830,000 (in 2015 dollars [\$2015]). Exhibit 10 summarizes the major cost categories. Detailed cost information is provided with the supplementary information to this application at <http://www.mndot.gov/ofrw/willmar>.

Exhibit 10: Summary of Capital Costs by Major Project Element (\$2015)

Cost Category	Road	Track
Roadway & Track Elements	\$15,552,826	\$8,503,220
Sitework and Special Conditions	\$5,338,740	\$4,536,406
Systems and Signals		\$5,097,255
ROW, Land, Existing Improvements	\$1,350,000	\$1,284,800
Professional Services	\$2,977,717	\$194,217
Contingency	\$889,981	\$582,650
Finance Charges	\$522,185	
Subtotal	\$26,631,448	\$20,198,548
Total Project Costs	\$46,829,997	

If selected for TIGER 2015 Award, TIGER funds would represent 32 percent of the total capital Project costs (see Exhibit 11). The balance of the Project costs would come from state, local, and private funding sources. Every dollar of TIGER funding would leverage another \$2.12 in non-federal sources.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 11: Percentage of Project Costs by Funding Source

Sources of Funds	Amount	Percentage
TIGER Funds	\$15,000,000	32.0%
MnDOT (applicant)	\$15,000,000	32.0%
BNSF	\$16,000,000	34.2%
Kandiyohi County	\$459,000	1.0%
City of Willmar	\$336,000	0.7%
EDC	\$35,000	0.1%
Total TIGER	\$15,000,000	32%
Total Non-federal Match	\$31,830,000	68%
Total Private	\$16,000,000	34.2%

IV. Selection Criteria

The rail improvements proposed in this TIGER Discretionary Grant Program application would generate a variety of benefits for the local Willmar community and surrounding area, for shippers locally and elsewhere whose goods traverse this corridor, and for BNSF. Some of these benefits can be quantified; many cannot be. Long-term outcomes and secondary criterion are described in this section of the application. Exhibit 12 provides a summary overview of how the Project aligns with the evaluation criterion.

Exhibit 12: Summary Overview: Evaluation Criterion Narrative Matrix

Criteria	How the Project Satisfies Criterion
Primary	
State of Good Repair	<p><u>Improves efficiency:</u> BNSF can reroute trains that were routed to avoid Willmar when the Yard was congested, allowing trains to be operated across the network more efficiently, improving fluidity, and improving service to customers.</p> <p><u>Increases capacity:</u> Creates additional capacity in the system by removing 7 to 10 trains daily that currently use Willmar Yard, reverse direction, and reposition locomotives and crews while consuming yard and mainline capacity that would otherwise be used for servicing local businesses and handling other through trains.</p> <p><u>Allows rerouting:</u> The proposed Willmar Connector and Industrial Access Project would allow for the rerouting of trains to reduce congestion in Willmar. Although difficult to quantify, the reduction of rerouted trains along the alternate corridors provides residual benefits and reduces the potential for passenger and freight rail conflicts for commuter and intercity passenger trains. These reductions of passenger rail conflicts include Amtrak's Empire Builder along the BNSF Staples Sub, the Northstar Commuter service in Minneapolis on the Staples and Wayzata Subdivisions, and extend as far as the Southwest Chief along BNSF's Brookfield Subdivision between Galesburg and Kansas City. Although a direct runtime estimation is difficult to calculate as the freight train traffic is dictated by several factors, namely market forces and shipper preferences, the Project would potentially reduce regional and national passenger rail impacts.</p>
Economic Competitiveness	<p><u>Saves time:</u> Willmar trains that use the new Connector would conservatively save an estimated 2.5 hours per train, providing inventory cost savings to shippers and</p>



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 12: Summary Overview: Evaluation Criterion Narrative Matrix

Criteria	How the Project Satisfies Criterion
	<p>consignees.</p> <p>Trains that currently take longer routes to avoid congestion in Willmar would be rerouted to take a shorter path via the Connector, saving an estimated 6.4 hours per train, providing inventory cost savings to shippers and consignees.</p> <p><u>Improved shipping access:</u> Shippers located in Willmar would have improved access to rail service, providing greater intermodal options.</p> <p><u>Improved work force:</u> Improvements to local quality of life (see Quality of Life section below) help to attract and retain skilled labor. This is essential for Willmar to diversify its economic base by building on its role as a regional medical center and by attracting new industries that leverage the region’s strengths in resource-based industry. For example, the MinnWest Technology Campus is a center for bioscience, agribusiness, technology, and bioenergy firms. The development of tech firms in this traditionally agricultural-focused community provides a new type of work opportunity.</p> <p><u>Operating savings:</u> Shorter travel times achieved through use of the Connector translate into operating savings to the rail operator. Some of these operating cost savings are passed on to shippers. The combined value is \$61.76 million over the 20-year horizon.</p>
Quality of Life	<p><u>Improved travel time:</u> Use of the Connector removes train-related travel time delays from downtown Willmar, improving quality of life. This generates a savings of \$6.22 million over the analysis period for Willmar travelers.</p> <p><u>Reduced nuisances:</u> Use of the Connector reduces noise and vibration from downtown Willmar, particularly benefiting residents of the multicultural neighborhoods located in the vicinity of the rail operations.</p> <p><u>Reduces forced rerouting:</u> By allowing through trains to make the connection between the Morris and Marshall Subdivisions directly rather than entering the Yard, congestion in this area of the railway network is reduced. This permits BNSF to route trains that had been taking a longer path through more populated areas of the network in order to avoid the congestion at Willmar to now take a shorter path through less populated areas. As a result, the grade crossing conflicts are reduced, as are road vehicle delays and vehicle operating costs in the broader region. The reduction in forced regional rerouting yields a total of \$12.79 million in benefits, as follows: \$1.52 million in delay savings; \$0.18 million in vehicle operating cost savings; \$0.01 million in emissions savings; and \$11.08 million in safety benefits over the 20-year analysis horizon.</p>
Environmental Sustainability	<p><u>Reduced emissions:</u> Reduces emissions in Willmar and on the other corridors where rerouted trains save operating hours.</p> <p><u>Reduced fuel usage:</u> Reduces fuel consumption by trains; estimated as part of the operating savings.</p> <p>BNSF can reroute trains that were avoiding congestion in Willmar by taking a longer route through a more populated corridor to a shorter route through a less populated corridor, reducing grade crossing conflicts and emissions as road vehicles wait for crossings to clear. Values reported above in Quality of Life.</p>



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 12: Summary Overview: Evaluation Criterion Narrative Matrix

Criteria	How the Project Satisfies Criterion
Safety	<p><u>Improves vehicle safety</u>: Reduces the likelihood of road-rail vehicle conflicts, thereby reducing vehicular crashes, property damage, injuries, and fatalities in Willmar, resulting in \$0.83 million in savings over the analysis period.</p> <p><u>Improves emergency response</u>: Improves responsiveness of fire, police and ambulance personnel to emergencies, by reducing crossings blocked by trains. BNSF can reroute trains that were avoiding congestion in Willmar by taking a longer route through a more populated corridor to a shorter route through a less populated corridor, reducing grade crossing conflicts, thereby reducing vehicular crashes, property damage, injuries, and fatalities in the broader region. This yields \$11.08 million in savings over the analysis horizon as reported above in Quality of Life.</p>
Job Creation and Near-term Activity	<p><u>Increases employment</u>: Represents a large capital investment in the low- to middle-income community of Willmar and the regional economy. This spending increases employment and earnings in the City and region for the duration of the construction process through direct hiring and the sales of materials by local suppliers and services, supporting approximately 497 job-years.</p>
Secondary	
Innovation	<p><u>Integrated solution</u>: The Project was developed through a long and patient dialogue between MnDOT, the City of Willmar, Kandiyohi County, the EDC, and BNSF. Other engineering solutions were possible, but none offered the same range of rail operations, economic competitiveness, environmental, and quality of life benefits as the Project described in this application.</p>
Partnership	<p><u>Collaboration between public and private</u>: The Project's development is the result of strong collaboration between the public and private sectors. The City, County, EDC, MnDOT, and BNSF have taken an integrated approach to transportation and land use, ensuring that the local communities and the broader regional economy benefit directly from the Project. Together, they have committed just under \$32 million to the Project.</p>

A. Long-Term Outcomes

Over the 20-year planning horizon for the Project, the benefits of the Project would exceed the costs by a factor of 3.23 to 1.00 when discounted at 7 percent. This ratio rises to 4.68 to 1.00 when benefits and costs are discounted at a lower rate of 3 percent. Exhibit 13 summarizes the results of the Benefit-Cost Analysis (BCA). Please refer to Attachments 4, 5 and 6 in the supplementary materials provided with this application for a description of how the assumptions and methods used to develop the BCA were determined. Supplemental materials are available at: <http://www.mndot.gov/ofrw/willmar>.

A description of the long-term outcomes follows, including state of good repair, economic competitiveness, quality of life, environmental sustainability, and safety.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Exhibit 13: Summary of Quantifiable Long-Term Benefits and Project Costs

Base Scenario (seven diversions) over 20-Year analysis period (2020-2039)
(values stated in 2015 \$M)

	Discounted at 7%	Discounted at 3%
COSTS		
Capital Costs	\$38.21	\$42.83
Operation and Maintenance Costs	\$1.42	\$2.35
Total Costs	\$39.63	\$45.18
BENEFITS		
Residual	\$3.74	\$5.50
Willmar Grade Crossing Benefits ^(a)	\$8.08	\$13.22
Network Grade Crossing Benefits ^(a)	\$12.79	\$21.51
Inventory Savings: Diversions	\$0.22	\$0.36
Inventory Savings: Reroutes	\$0.16	\$0.27
Operating Savings: Diversions	\$35.75	\$58.47
Operating Savings: Reroutes	\$26.01	\$43.74
Emissions Reductions (Trains)	\$41.21	\$68.20
Total Benefits	\$127.95	\$211.26
BENEFIT-COST RATIO	3.23	4.68

(a) Includes time savings, emissions avoided, safety, and travel cost savings

State of Good Repair (Long-term Outcome)

The rail and associated road improvements create rail capacity, improve rail network velocity, and increase rail access in a way that supports the economy of Willmar and the larger region to which it is connected through commerce and trade.

- (i) **The Project is consistent with relevant State, local, and regional efforts and plans to maintain transportation facilities/systems in a state of good repair.** The *Minnesota Statewide Transportation Policy Plan: 2009-2028* (p.3) reports that “cost-competitive national freight rail connections supported by a network of regional freight rail corridors” are an important part of the State’s vision for its multimodal system and that much of the State’s infrastructure system will need investment to recapitalize or to modernize the system, including the freight rail system, to meet the evolving needs of Minnesota’s economy (p.5).

The Project outlined in this TIGER application is consistent with the State’s vision and initiative. The success of such a strategy also hinges on complementary planning and coordination with BNSF. BNSF has invested over \$326 million on maintenance and rail



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

capacity improvement and expansion projects by itself (excluding this Project) in Minnesota in 2015 alone and over \$500 million in the past 3 years.²

- (ii) **An important outcome of the Project is the ability to make existing rail assets more productive.** Currently, trains moving north-south between Fargo, ND (and origins north and west) and Kansas City, MO (and destinations south and east) must pull into the Willmar Yard, reverse direction, and reposition locomotives and crews while creating excess emissions, blocking at-grade crossings in Willmar, and consuming yard and mainline capacity that would otherwise be used for switching local business and handling other through trains. Even more, if the Willmar terminal is too congested, BNSF must run trains on a longer route over the already congested Staples Subdivision of its Great Northern Corridor and through metropolitan areas, such as Minneapolis. With the completion of this Project, BNSF would be able to handle more trains and move them directly between the Morris and Marshall Subdivisions faster and more efficiently; this would particularly benefit the region’s agricultural and energy customers in the northern plains.

The proposed Project would reroute trains to reduce the congestion in Willmar. Although difficult to quantify, the reduction of rerouted trains along the alternate corridors would provide residual benefits and the reduction of potential passenger and freight rail conflicts for commuter and intercity passenger trains. These reductions of passenger rail conflicts include those with Amtrak’s Empire Builder along the BNSF Staples Subdivision, the Northstar Commuter service in Minneapolis on the Staples and Wayzata Subdivisions, and extend as far as the Southwest Chief along BNSF’s Brookfield Subdivision between Galesburg and Kansas City. Although a direct runtime estimation is difficult to calculate as the freight train traffic is dictated by several factors, namely market forces and shipper preferences, the Project would potentially reduce regional and national passenger rail impacts.

Many elements of the proposed Project have a useful life that extends beyond the 20-year analysis period. The residual value of this investment, available for use in years 21 and after, would equal \$3.74 million, discounting at 7 percent.

- (iii) **The Project is adequately capitalized for both the maintenance of capital and the ongoing operations.** The capital construction budget is based on thorough engineering cost estimates. The detailed construction cost estimates and engineering designs are available at <http://www.mndot.gov/ofrw/willmar>. The Project has a contingency budget that is consistent with industry standards and appropriate to the level of design. Detailed estimates of the ongoing maintenance needs have been prepared based on BNSF’s and MnDOT’s experience maintaining their extensive rail, road, and structural systems.
- (iv) **A sustainable source of revenue is available for long-term operations and maintenance of the Project.** The expansion of the rail and road network anticipated under this Project

² BNSF, “Minnesota 2014 Fact Sheet,” Updated March 30, 2015.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

would entail a small incremental increase in existing operation and maintenance costs. BNSF’s 2015 national capital commitment plan is approximately \$6 billion.³

Economic Competitiveness (Long-term Outcome)

The Project would improve the economic competitiveness of Willmar and the surrounding rural economy, as well as the broader regional economy served by a more efficient rail network.

Willmar’s Competitiveness. The Project would enhance Willmar’s economic competitiveness in several ways. First, shippers located in Willmar would have improved access to rail service, providing a wider range of shipping options. Second, the Project is designed to provide rail service to the area’s developing industrial park, the site of the former airport. The majority of industrial development in the City took place surrounding the former airport while it was operational. The introduction of rail access, combined with improved rail service times, would help attract tenants and revitalize this underutilized asset. This benefit would be particularly valuable to the community as the railroad, which runs through the City parallel to U.S. Highway 12, creates traffic flow and access issues that currently discourage future development, according to Chapter 4 of the *City of Willmar Comprehensive Plan* (City of Willmar et al., 2009, p.4; hereafter referred to as the *Comprehensive Plan*). New highway-railroad grade crossings are extremely difficult to implement because of safety concerns. Reuse of the now abandoned old airport (the new airport is open) would provide much-needed room for industrial and commercial growth and development to support the community.

Improvements to local quality of life would help to attract and retain skilled labor. This is essential for Willmar as it works to diversify its economic base by building on its role as a regional medical center and by attracting new industries that leverage the region’s strengths in resource-based industry. For example, the MinnWest Technology Campus is a center for bioscience, agribusiness, technology, and bioenergy firms. The development of technology firms in this traditionally agriculturally-focused community provides a new type of work opportunity. This transformation can only advance, however, if Willmar can continue to attract workers and their families to the workforce. In-migration to the Willmar Micropolitan area would be discouraged if the community cannot offer an attractive quality of life.

Broader Economic Competitiveness. Gains in economic competitiveness extend beyond Willmar to the shippers and consignees whose shipments would be delivered more rapidly due to the Project. Trains that currently travel through Willmar but would divert to use the Project’s Connector would conservatively save an estimated 2.5 hours per train, providing inventory cost savings. Shipments that currently travel by longer routes to avoid congestion in Willmar would see even greater savings as the Project would enable them to be rerouted via the new Connector in Willmar, saving an estimated 6.4 hours per train.

Annualizing and applying a discount rate of 7 percent, the total inventory savings would be \$0.38 million over the 20-year analysis period.

Total operating cost savings would be \$61.76 million, discounted at 7 percent over the 20-year analysis horizon.

³ BNSF, “Minnesota 2014 Fact Sheet,” Updated March 30, 2015.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

Finally, there would also be direct shipper savings as a portion of the operating cost would be saved through faster travel times.

These savings would allow the railroads and shippers to be more competitive in the global economy. The reduction in shippers' costs is not estimated directly, but is a component of the overall reduction in operating cost savings.

Quality of Life (Long-term Outcome)

Although some elements cannot be monetized directly, the Project would significantly benefit the quality of life in the Willmar community. There are three at-grade crossings in the Willmar Yard. Currently, BNSF train locomotive engineers are required to ring the engine bell and sound the train horn when crossing each of these crossings. With trains diverted by the Connector west of Willmar, it is anticipated the frequency of train bell and horn sounds within the City of Willmar would be reduced. The City of Willmar recently completed a "Quiet Zone Study" to assess the potential for establishing Quiet Zones in Willmar, where train horns and bells would not be required. The study was undertaken in response to numerous and on-going citizen complaints about train horn noise.

Vehicular delays at crossings would also be reduced, providing greater ease of access and mobility in the City. There are eleven at-grade crossings involved in making the Morris-to-Marshall movement. While all residents would benefit from the reduction in noise and traffic delays, Census data indicate a concentration of low-income and minority populations within the City of Willmar in Census Tract 7808 (U.S. Census, 2010). This area is located south of the Yard, in an area bounded approximately by 7th Street NW on the west, Kandiyohi Street NW on the south, and Juli Street SE and 4th Street SE on the east. These residents would be direct beneficiaries of the quality of life enhancements afforded by the Project.

The value of time saved (\$6.22 million), emissions avoided (\$0.04 million), accidents avoided (\$0.83 million), and vehicle operating costs saved (\$1.00 million) for all Willmar travelers who are queued less frequently at crossings totals \$8.08 million, discounted at 7 percent over the 20-year analysis period. Although these benefits align with other long-term outcomes, they are reported here as a group because they are all tied to queuing at grade crossings while waiting for the trains to pass.

In addition to the at-grade crossing benefits that would result from the Project in Willmar, residents of the broader region would also receive at-grade crossing benefits from the Project (i.e., fewer grade crossing conflicts, reduced emissions, reduced delay time, and reduced vehicle operating costs). By allowing through trains to make the connection between the Morris and Marshall Subdivisions directly rather than entering the Yard, congestion in this area of the network would be reduced. This reduction would permit BNSF to route trains that had been taking a longer path through more populated areas of the network (in order to avoid the congestion at Willmar) to take a shorter path through less populated areas. As a result, the at-grade crossing conflicts would be reduced, as would time, road vehicle operating costs, and emissions associated with delays. The BCA estimates this regional benefit by comparing benefits generated in more populated areas against the disbenefits of increasing trains in less populated areas, as follows:



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

- On the positive side, the analysis calculates the improvement in at-grade crossing conflicts, delays, operating costs, and emissions generated by reducing the number of trains traversing the more populated Staples and Wayzata Subdivisions.
- On the negative side, the analysis calculates the total costs associated with increasing grade crossing conflicts, delays, operating costs, and emissions in the more rural areas along the Moorhead and Morris Subdivisions.

The net difference between the two routes defines the total regional benefit.

Sustainability (Long-term Outcome)

The operation of the Project would eliminate emissions in Willmar and corridors where rerouted trains are able to reduce their operating hours. By diverting through railway traffic to the Connector west of downtown Willmar and reducing the hours of delay associated with the trains crossing through the Yard, the Project would reduce the hours of locomotive travel, and therefore, the associated air pollutants. This, in turn, would decrease the amount of CO, NOx, PM10, and HC in the atmosphere.

The reduction in hours of locomotive travel would also reduce fuel consumption by trains; the fuel savings are not estimated separately but are included as part of the estimated operating savings.

Safety (Long-term Outcome)

The diversion of trains from the downtown Yard to the Connector would reduce the opportunity for road-rail vehicle conflicts, thereby reducing vehicular crashes, property damage, injuries, and fatalities.

The Project would enable improved responsiveness of fire, police, and ambulance personnel to emergencies by reducing the frequency of at-grade crossings blocked by trains. The City's *Comprehensive Plan* (Ch. 3, page 11) notes that current and anticipated growth in new housing is occurring in the Lake Regions north of Willmar. Roadway access is limited to this area from Willmar because of a chain of lakes. The Safety narrative in Willmar's *Comprehensive Plan* notes Lake Region residents' concerns about the effect of at-grade railroad crossings on the

The total regional benefit resulting from shifting trains from more populated areas to less populated areas is \$12.79 million (comprising \$11.08 million in accident savings, \$0.01 million in emissions savings; \$1.52 million in delay savings, and \$0.18 million in vehicle operating cost savings). Although these benefits align with other long-term outcomes, they are reported here as a group because they are all tied to queuing at grade crossings in the broader region while waiting for the trains to pass.

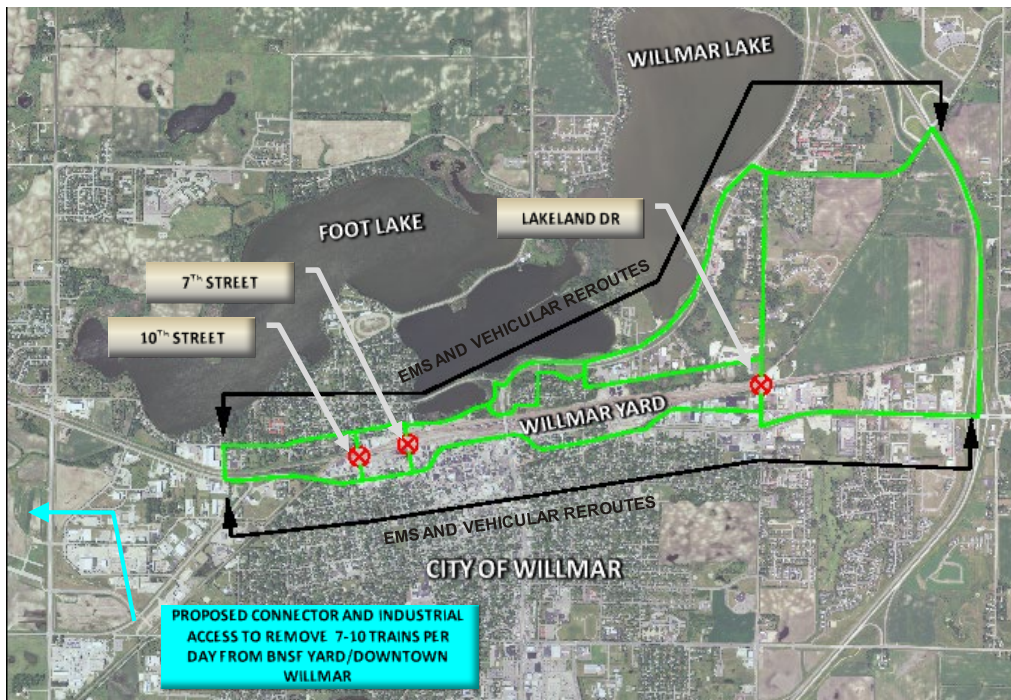
Applying U.S. DOT guidance for the pollutant factors and discounted at 7 percent, the estimated value of the improved air quality associated with the Project would be \$41.21 million. This estimate is in addition to the \$0.04 million that would be saved in emissions by cars queued at crossings in Willmar (reported as part of the overall Willmar at-grade crossing benefit) and the \$0.01 million saved in emissions by cars queued at crossings in the broader region (reported as part of the overall network at-grade crossing benefit).

Applying a discount rate of 7 percent, the total projected savings in accidents avoided in Willmar would be \$0.83 million (reported as part of the overall at-grade crossing estimate). Applying the same discount rate, the total projected accidents avoided savings in the broader region would be \$11.08 million (reported as part of the overall network at-grade crossing estimate).

APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

response times of emergency vehicles, especially since the vehicles rely heavily on one access road. Exhibit 14 illustrates how blocked crossings affect emergency response routes. The green paths are the primary and preferred routes through the downtown area; the black paths indicate the alternative reroutes required when crossings are blocked.

Exhibit 14: North-South Emergency Response Routes and the Alternative Reroute when Crossing is Blocked



B. Secondary Criteria

Innovation

The Project was developed through a long and patient dialogue between MnDOT, the City of Willmar, Kandiyohi County, the EDC, and BNSF. Other engineering solutions were possible, but none offered the same range of rail operations, economic competitiveness, environmental, and quality of life benefits as the Project described in this application. The Project leverages innovative financing through a unique public-private partnership.

Partnership

The rail freight movement system is inherently a partnership between the public and the private sector. The Project is the result of collaboration between the public and private sectors and has obtained significant support from a variety of jurisdictions and stakeholder groups, as shown by the letters of support provided in Attachment 1 of the supplementary information to this application at <http://www.mndot.gov/ofrw/willmar>. In addition, five Project parties have come together to commit just under \$32 million of non-federal funds to the Project.

The Project is structured to address local community concerns about air quality and delays caused by freight movements through the downtown, even as it delivers improvements to the regional/national goods movement network. It has long been a desire of the City to address these



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

concerns. BNSF is being proactive in choosing to collaborate with its Partners to develop the Project described in this application—one that best meets the needs of the broader public, rather than one that narrowly addresses its private transportation concerns alone.

The Project development effort has been financed and supported by private sector business interests. The Project takes an integrated approach to transportation, land use, and economic development through its cargo-oriented development strategy. Supporters are a diverse coalition that recognizes the value delivered through the Project. The coalition includes, but is not limited to, the Governor of Minnesota: Mark Dayton, state and federal representatives, county and city officials, local emergency response technicians, private industry, and economic developers. Governor Dayton wrote a letter stating that “rail safety and improvements are one of my top priorities” and expressed his “strong support” for the project. Senators Al Franken and Amy Klobuchar also provided letters with strong support. Letters of support from the Governor, Senators, and other state representatives are provided in Attachment 1 of the supplementary materials to this application at <http://www.mndot.gov/ofrw/willmar>.

V. Project Readiness and NEPA

The idea to reroute trains away from downtown Willmar has been discussed for decades in the local community. The need for such an alternative route has intensified, however, with growth in large grain trains and with greater train traffic associated with the expanding energy industry in the region. Because of growing rail freight traffic and the recognition that existing traffic was likely to continue increasing, the five Project Partners began a conversation to explore possible remedies.

As outlined in earlier sections of this application, the partnership that grew out of these initial conversations has established a funding strategy to advance the Project. Agency roles and public-private partnerships have been negotiated. The necessary engineering work has been completed and the environmental process is well underway. Exhibit 15 shows the proposed schedule for remaining Project elements.

Exhibit 15: Project Schedule Assuming Expeditious Obligation of Funds

Activity	Actual / Anticipated Completion
Initial Engineering Design	December 2015
NEPA Analysis (Categorical Exclusion anticipated)	September 2015
Construction Documents	December 2016
Permitting	March 2016
Final Engineering Design	June 2016
Construction Commencement	February 2017
Construction Completion	December 2019
Grand Opening of the Connection	January 2020



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

A. Environmental Approvals

The Project Partners have prepared a Federal Railroad Administration (FRA) Categorical Exclusion (CE) Worksheet for the proposed Project, known as the “BNSF Railway Morris to Marshall Subdivision Connection – Willmar, Minnesota” (the Project). The CE Worksheet is provided as a supplement to this TIGER Discretionary Grant Program application (refer to Attachments 7, 8, and 9 which can also be found at <http://www.mndot.gov/ofrw/willmar>).

In preparing the CE Worksheet, the Project Partners consulted with the FRA on several occasions, both in-person and on conference calls, to obtain input on the appropriate NEPA class of action for the Project and to obtain guidance on FRA’s NEPA process in general. In these discussions, the FRA was informed about the Project scope and impacts, and was provided with maps and figures showing the Project location and conceptual layout. Based on their initial review of the Project, the FRA indicated they were confident that the appropriate level or class of NEPA review would be a CE, and guided the Project Partners to prepare a CE Worksheet using the FRA format. In addition, the FRA indicated that it was very likely that it would be determined to be the lead NEPA agency for the Project, but that this decision would be made by the U.S. DOT during the TIGER Grant Application review. The FRA further indicated that, until a federal action exists (such as designating TIGER funds or other federal dollars for the Project), their involvement would be limited to providing procedural guidance.

The Project Partners intend to complete all of the studies and steps necessary to complete the NEPA documentation and process (i.e., Phase I ESA and any necessary follow-up actions, Section 106 Consultation, noise study) by September 2015, well in advance of the June 30, 2017 target date identified in the Notice of Funding Availability. This schedule would mean that all awarded TIGER Discretionary Grant funds would be obligated in advance of or by the September 30, 2017 statutory deadline.

The CE Worksheet provided in Attachment 7 was prepared on behalf of the Project Partners. Because it is an attachment to this TIGER Discretionary Grant application, it includes language explaining what actions are outstanding as of the TIGER Grant application submittal date of June 5th, 2015, and how those actions would be completed. The information in the CE Worksheet demonstrates that the necessary actions would be completed within the required timeframes given above.

B. Legislative Approvals

No legislative approvals are required to implement the Project. The Project has support from federal, state and local elected officials, as evidenced by the letters of support provided with this application (refer to Attachment 1).

C. State and Local Planning

The Project aligns with numerous state and local planning initiatives:

1. The Project is identified in the *Governor’s Transportation Plan* (January 2015), highlighting its importance to the State of Minnesota (http://www.mn.gov/governor/images/fact_sheet_rail_projects.pdf).
2. The Project is identified in the *State Rail Plan – Draft* (MnDOT, 2015), which is currently undergoing public review



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

(<http://www.dot.state.mn.us/planning/railplan/resources.html>). The partnership developing the Project is highlighted as a model for other projects in the state (page 1-12) and is described as an important transportation need (page 4-9).

3. The Project is consistent with several recommendations in *Freight Rail Economic Development* (MnDOT et al, 2013) including:
 - Create public-private partnerships with Class I railroads
 - Continue to make investments in rail infrastructure
 - Promote rail transportation by working with local agencies to promote the benefits of rail economic development at the local level
4. The Project is also consistent with recommendations made in the *Minnesota Comprehensive Statewide Freight and Passenger Rail Plan* (MnDOT, 2010), including:
 - Continue to make improvements to the condition and capacity of Minnesota's primary railroad arterials to accommodate existing and future demand
 - Relocate freight rail tracks to mitigate the impacts of rail operations in communities, free up rail line capacity, and rationalize network operations to reduce freight rail operating costs and improve service reliability, particularly through enhanced speed, capacity, connectivity, and flexibility
 - Address critical network bottlenecks that degrade present service and inhibit the ability of the State's railroads to effectively absorb future traffic
 - Facilitate MnDOT's identified lead role in advancing the unified system envisioned in this plan. Projects involving grade crossing safety that facilitate passenger rail projects, or that clearly support local economic development efforts, are logical candidates for expanded public investment.

The Comprehensive Statewide 2010 plan identifies the Marshall Subdivision as a corridor needing investment by 2030 due to forecasted volume and capacity issues. The plan further encourages local freight rail network and operations changes as methods to:

- Reduce freight rail operating costs
- Improve service reliability through enhanced speed, capacity, connectivity, and flexibility
- Free up rail line capacity so as to accommodate passenger rail operations
- Mitigate impacts of rail operations in communities, including noise, vibration, and aesthetics
- Minimize risk exposure of hazardous material freight rail operations
- Ease rail bottlenecks
- Reduce vehicle traffic delays at grade crossings
- Improve safety
- Spur economic development opportunities



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

The City of Willmar’s *Comprehensive Plan* (Ch.4, p.4) identifies the former airport as the site of the new industrial park and calls out that it provides much needed room for growth and development to support the community. The *Comprehensive Plan* describes how growth is deterred in some parts of the downtown because of access and delay issues and that new grade crossings are extremely difficult to implement because of safety concerns. Thus, the industrial park is a particularly desired solution for this burgeoning rural city. The Project is not located within the jurisdiction of a Metropolitan Planning Organization. Zoning in the vicinity of the Project is compatible with the Project; the City is developing its industrial park in a way that permits it to take advantage of the rail service. The industrial park is on the site of the former airport, underscoring the compatibility of land uses with the Project.

D. Technical Feasibility

Preliminary engineering and other critical path elements for the Project have been completed including rail and road engineering documents and cost estimates. The elements of the TIGER 2015 Project are technically feasible. Site drawings, detailed budgets, and other technical engineering information—including the information developed to permit a cost estimate—are provided in the supplemental information to this application at <http://www.mndot.gov/ofrw/willmar>. A contingency fund is included for both the road and track elements of the Project; this is highlighted in the supplemental information provided. A further funding breakout is provided in Exhibit 16.

Exhibit 16: Funding Sources by Major Expenditure Category

Project Task		Professional Services / Design / Const. Management/ Environmental Docs	Right-of-Way Acquisition	Construction	Contingency	Totals
ROAD / STRUCTURES						
Total Estimated Cost		\$1,133,836	\$1,350,000	\$22,839,801	\$1,307,812	\$26,631,448
	BNSF		\$1,350,000			\$1,350,000
Funding Participation	MNDOT	\$1,133,836		\$12,558,353	\$1,307,812	\$15,000,000
	Kandiyohi County			\$459,000		\$459,000
	EDC			\$35,000		\$35,000
Funding Gap Subtotal	TIGER			\$9,787,448		\$9,787,448
Funding Subtotal						\$26,631,448
TRACK						
Total Estimated Cost		\$155,377	\$1,284,800	\$18,175,725	\$582,650	\$20,198,552
Funding Participation	BNSF	\$155,377	\$948,800	\$12,963,173	\$582,650	\$14,650,000
	City of Willmar		\$336,000			\$336,000
Funding Gap Subtotal	TIGER			\$5,212,552		\$5,212,552
Funding Subtotal						\$20,198,552
Total Estimated Cost		\$1,289,212	\$2,634,800	\$41,015,526	\$1,890,462	\$46,830,000
Partner Contribution		\$1,289,212	\$2,634,800	\$26,015,526	\$1,890,462	\$31,830,000
Funding Gap Total (TIGER)				\$15,000,000		\$15,000,000
Total Funding Estimate		\$1,289,212	\$2,634,800	\$41,015,526	\$1,890,462	\$46,830,000



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

E. Financial Feasibility

All sources and uses of the funds needed to implement this Project have been identified and secured in an MOU. Letters of financial commitment are included in Attachment 3 of the supplemental materials to this application. The Project Partners have the requisite resources to maintain the investment in a state of good repair. Both capital and operations and maintenance costs and revenues have been developed with appropriate cost escalations and conservative assumptions to ensure minimal risk. When constructed, the Project would represent a tiny fraction of the overall capital assets managed by MnDOT, BNSF, and the local jurisdictions. The Project would not create a burden on maintenance budgets. See Section III for additional details on Project commitments and costs. The substantial amount of engineering work accomplished to date reduces the potential for unexpected technical costs to arise as the Project advances.

MnDOT has the internal resources and systems to manage this grant. MnDOT staff members regularly manage federal monies and are familiar with reporting requirements for federal grants. They have managed other federal grants in the past successfully. Because of their past experience in this role, they would be the member of the Project team charged with managing the grant, should this application be awarded funding.

F. Project Schedule

The Project could advance quickly if awarded a grant. A draft CE Worksheet has been prepared (provided as supplemental information to this application) and is ready for submission to begin the environmental process. Significant engineering work has been completed. Most of the requisite ROW is owned by the City; the donation of this land represents the City's in-kind match and simplifies the ROW acquisition process. There are a few additional properties that are privately held that would require acquisition, but Project sponsors have met with every parcel owner affected by the Project—both those directly affected by acquisitions and those whose parcels are adjacent to the Project—and no significant acquisition concerns have been expressed during these conversations. The Project Partners have actually begun strategic parcel acquisition of homesteads which would require a longer timeline and to provide additional time and security for the homeowners.



APPLICATION TO USDOT TIGER PROGRAM FOR A CAPITAL GRANT

VI. Attachments and Supplemental Materials

Attachment 1: Letters of Support

Attachment 2: Memorandum of Understanding

Attachment 3: Financial Commitments

Attachment 4: Benefit Cost Analysis Technical Memorandum

Attachment 5: Benefit Cost Analysis Workbook

Attachment 6: Benefit Cost Analysis Supplemental Data

Attachment 7: DRAFT NEPA Categorical Exclusion Worksheet

Attachment 8: DRAFT NEPA Categorical Exclusion Figures

Attachment 9: DRAFT NEPA Categorical Exclusion Appendices

Attachment 10: Wage Certification Letter – MnDOT

Attachment 11: Preliminary Engineering Documents

Attachment 12: Willmar City Quick Facts

Attachment 13: Southwest Minnesota May 2014 Employment and Wage Estimates

Attachment 14: Rural Minnesota Counties Still Seeing Brain Gain (Yes, with a “G”)