



FRA BUILD Grant: *Closing the Gap in New England: Western Massachusetts Freight Rail Upgrade Project*

MassDOT Board Meeting

February 22, 2021

Presented by: Jim Eng, Deputy Rail Administrator

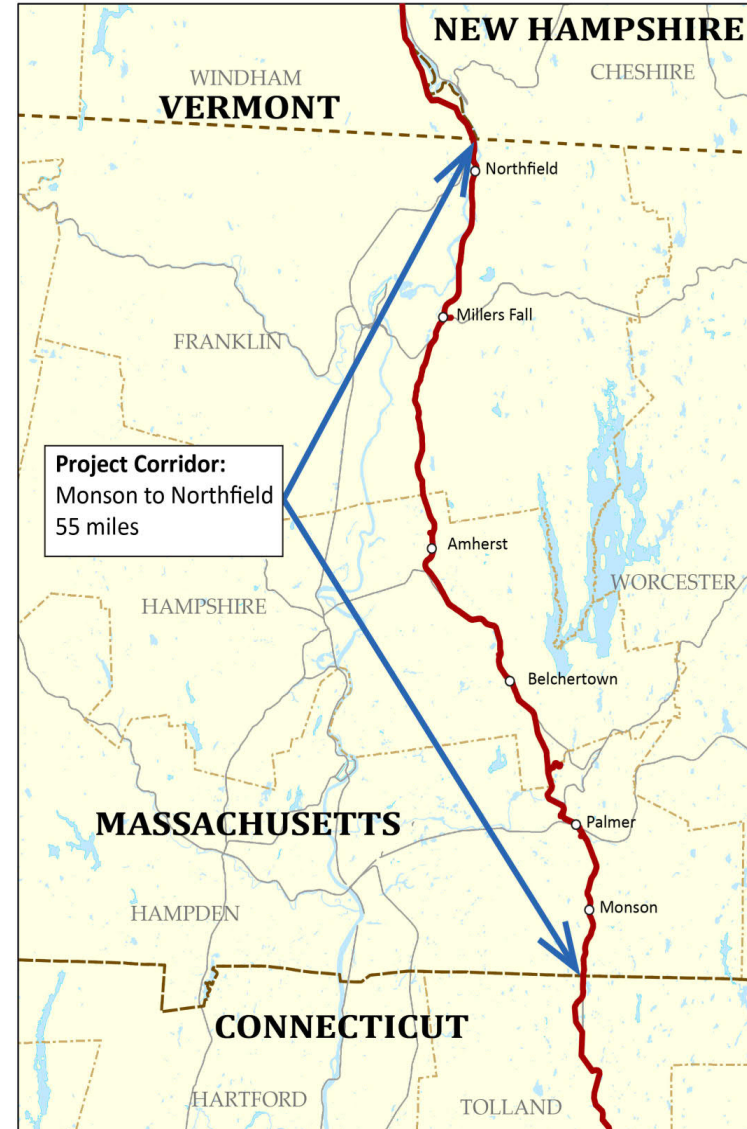


Project Overview

- Utilizes FRA FY18 “Better Utilizing Investments to Leverage Development” (BUILD) Grant Program Funding
- Rehabilitation of 55-mile New England Central Railroad (NECR) freight rail corridor in MA: Monson-Palmer-Northfield
- “Closing the Gap” - Final track section within 320-mile NECR freight rail corridor from New London, CT to St. Albans, VT



Project Area

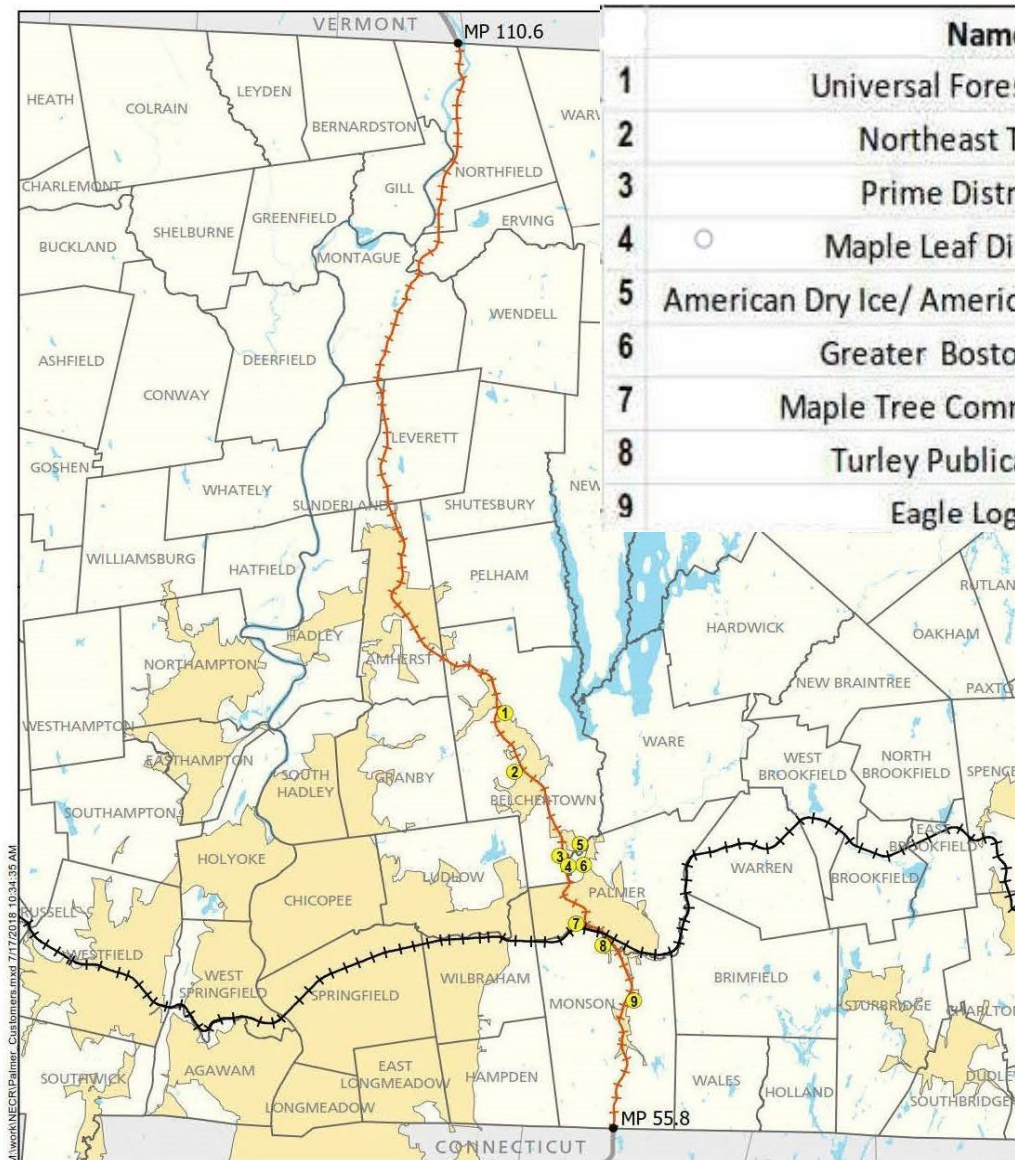


2018 Rail Plan Recommended Project

- This project was highlighted in the 2018 MA Rail Plan and recommended to increase freight car capacity from 263K lbs to 286K lbs in accordance with national standards
- Good example of identifying and moving a recommended need through project development, identification and securing funding; now ready for construction
- FRA BUILD Grant funding was competitively awarded to MassDOT; mixed with NECR and MassDOT match funding allowing the project to move to construction

Western MA Economic Development

- Freight Rail capacity improvement to 286K benefits Western MA businesses as well as the overall MA freight delivery system
- Provides improved raw material and finished product delivery options to shippers
- Reduces shipping costs as freight cars can be fully loaded to 286,000 lbs capacity; a 10% capacity increase from 263,000 lbs.



	Name	Town
1	Universal Forest Products	Belchertown
2	Northeast Treaters	Belchertown
3	Prime Distribution	Palmer
4	Maple Leaf Distribution	Palmer
5	American Dry Ice/ American Carbonation Corp.	Palmer
6	Greater Boston Transfer	Palmer
7	Maple Tree Commerce Center	Palmer
8	Turley Publications Inc	Palmer
9	Eagle Logistics	Monson

NECR Freight Rail Customers in Monson-Palmer-Belchertown Area

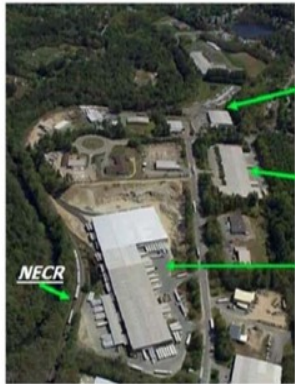
Project Corridor
 CSX Rail Line
 NECR Customer
 2010 Urban Areas
 Urban Area (50,000 or More)

NECR Customer Map
Monson to Northfield



0 3 6 12 Miles

Maple Leaf Distribution, Palmer, MA



Bulk Operation
Food Grade
25 Railcar Spots
Truck Scale
30,000 sq ft

Warehouse 2
10 Truck Doors
85,000 sq ft

Warehouse 1
32 Railcars at
the building
57 Truck Doors
210,000 sq ft

Commitment to Growth
in Partnership with NECR

PRODUCTS DISTRIBUTED:

Paper products, Wood Pellets, Beverages, & Food

CLIENTS:

Resolute, The Hartford Courant, The Wall Street Journal, Kruger, The Kraft Group/Rand -Whitney Paperboard, W.B. Manson, Miller-Coors, Simplot

Why 286K GRL Matters to Maple Leaf

Wood pellets are a vital commodity serving regional New England yet Maple Leaf closed all their wood pellet accounts due to the slow delivery service due to existing slow orders as well as having to light load their freight cars not being able to ship enough product due to the existing 263K lbs. GRL load capacity restriction rail line.

TESTIMONIAL:

"My company, Maple Leaf Distribution Services, has been working with NECR to give New England businesses competitive access to rail for long-distance movement of goods combined with local truck service for the first or last miles of a freight movement.

President of Maple Leaf
Mark A. Marasco

American Dry Ice / American Carbonation Palmer, MA

PRODUCTS DISTRIBUTED:

Beverages & Medical Grade CO₂
& dry ice products



CLIENTS:

Polar Beverages, soft drink and regional micro-breweries
Hospitals in central and southern New England

Why 286K GRL Matters to American Carbonation

Owens and operates 32 freight cars and must light load their rolling stock due to the 263K lbs. load capacity restrictions.

American Carbonation misses out on a potential to ship an additional 736,000 lbs. of product.

This is the equivalent of 2.5 freight cars or 283 tons of additional product per trip.

Upgrading the NECR line to maximum gross rail load (GRL) of 286K lbs./car means an equivalent of 10 freight trucks would be kept off the nation's interstate highways!

Sherwood Lumber/Prime Distribution Palmer, MA

PRODUCTS DISTRIBUTED:

Lumber for the construction industry

CLIENTS:

Builders and National Commercial Retail Stores

Why 286K GRL Matters to Sherwood Lumber

In 2008 during the Great Recession Sherwood Lumber relocated to Palmer, MA to expand their operations by buying failing lumber companies located on the NECR line. They are considered a premier growth customer on the NECR line.

Sherwood Lumber was awarded a state grant through the Industrial Rail Access Program (IRAP) for rail-related infrastructure projects that identify public benefits that will facilitate economic growth on the NECR line.

NECR Customer Profiles and the need for 286K

Palmer, MA



Kanzaki Specialty Papers, Ware, MA

PRODUCTS DISTRIBUTED:

Thermal transfer, Inkjet coated papers & films



CLIENTS:

Casinos that use the TITO slot machines



Why 286K GRL Matters to Kanzaki

With a revenue of \$27.1M and 89 employees, Kanzaki along with their parent company, Oji Paper Company of Japan, is the largest manufacturer of direct thermal imaging papers in the world.

Kanzaki's rail dock requires that the boxcar paper deliveries be augmented by truck shuttles from nearby warehouse.

Northeast Treaters, Belchertown, MA

PRODUCTS DISTRIBUTED:

Pressure treated lumber products for residential, commercial & industrial markets.

CLIENTS:

Builders and National Commercial Retail Stores

Why 286K GRL Matters to Northeast Treaters

Northeast Treater is considered another premier growth oriented customer on the NECR line.



Currently flat cars of lumber must be "light loaded" at origin and their business is an exception to the normal loading patterns of our suppliers. Railcars shipped fully loaded at 286K must be stopped enroute before reaching the NECR and load reduced which decreases the company's efficiency **resulting in time and revenue loss.**

NECR Customer Profiles and the need for 286K

Ware, MA and Belchertown, MA



Economic Loss Due to Existing 263K lbs. GRL on the NECR Line—Traffic Diversion

Georgia Pacific Northwoods

PRODUCTS WANTING DISTRIBUTION:

Paper products, Oriented Strand Board (OSB)

FORMER CUSTOMER:

Eaglewood Logistics, Monson, MA

Supplies builders throughout eastern CT, RI, and MA

WHY THEY LEFT

Shipping product from Ontario, Canada to Monson, MA, Georgia Pacific wanted to cut rates and remain competitive within their market sector by shipping 286K lbs. GRL. Not being able to do so Georgia Pacific now distributes through Albany, NY and ships by truck freight.

Example - lost
Monson, MA
Freight Rail Traffic
due to 263K;

Now ships by truck
pending railroad
increase to 286K
capacity

Project Scope of Work - Construction

- Replace approximately 22.7 Track Miles of existing jointed rail with new continuous welded rail (CWR)
- Replace 30,000 wood ties
- Replace 30 Turnouts
- Installation of 25,000 tons of new stone ballast; align and surface 54.7 track miles
- Perform bridge deck repairs on 16 railroad bridges



Project Cost Summary

- \$30M Total Project Funding
 - \$10.8M FRA BUILD Grant
 - \$ 9.6M NECR Match
 - \$ 9.6M MassDOT Match
- MassDOT's contribution to the Project contractually limited to \$9.6M
- NECR assumes all risk associated with cost and/or schedule overruns related to its completion of the Project as the Grant Subrecipient and rail corridor owner

Project Schedule – Key Dates

- FRA Grant Agreement fully executed;
FRA Notice to Proceed (NTP) Sept 1, 2020
- MassDOT/NECR Project Agreement
Pending Board Approval - Feb 2021
- Anticipated Construction Start - April 2021
- Substantial Completion - Aug 31, 2023
- Revenue Service Date - Feb 28, 2024
(FRA Grant Milestone Date)

PROPOSED ACTION

WHEREAS the Massachusetts Department of Transportation (“MassDOT”) received a Federal Railroad Administration BUILD Grant in the amount of \$10.8 million (the “Grant”) to partially fund a project to upgrade certain freight rail trackwork in Western Massachusetts to meet certain industry standards (the “Project”); and

WHEREAS the total planned cost of the Project is \$30 million, which cost will be funded by the Grant (\$10,800,000), MassDOT capital funds (\$9,600,000), and The New England Central Railroad (\$9,600,000); and

WHEREAS The New England Central Railroad (“NECR”) has been identified as the general contractor for the Project and subrecipient of the Grant; and

WHEREAS MassDOT seeks to enter into a contract with NECR in connection with the Project in the amount of \$20,400,000, which is comprised of the amount of the Grant (\$10,800,000) and the capital funds programmed for the Project in the current MassDOT Capital Improvement Plan (\$9,600,000);

It is hereby VOTED:

To authorize the Secretary/Chief Executive Officer, or his designee, to execute in the name of and on behalf of MassDOT, and in a form approved by the General Counsel, an agreement (number 113053) with NECR in the amount of \$20,400,000 to complete the Project.

