

TIGER Discretionary Grant Application

A. First Page Requirements

Project Name: San Luis Valley Rail Mobility Initiative (SLVRMI)

Project Type: Railway infrastructure upgrades and development of facilities to increase capacity of freight movements and expand passenger services.

Location, State: Colorado

Location, Substate Area: San Luis Valley Region including counties of Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache

Congressional District: Third

Type of Area: Rural

TIGER Grant Funds Requested: \$98.2 million

DUNS Number: Applicant: San Luis Valley Development Resources Group --- 883895146
First-Tier Sub-Awardee: San Luis & Rio Grande Railroad --- 135267172

Central Contractor Registration: Information furnished upon award notification.

B. Table Of Contents

<u>Section/Subsection</u>	<u>Page Number</u>
A. First Page Requirements	1
B. Table of Contents	2
C. Project Parties	3
D. Contact Information	3
E. Project Description	4
1. Narrative	4
2. Map of Project Location and Railroad Infrastructure	6
F. Shovel Ready Criteria	6
1. Technical Feasibility	6
2. Environmental Approvals	7
3. State and Local Planning	7
4. Financial Feasibility	7
5. Project Schedule	8
G. Project Funding From All Sources	10
H. Long-Term Outcomes	10
1. State of Good Repair	10
2. Economic Competitiveness	10
3. Livability	13
4. Sustainability	13
5. Safety	14
I. Benefit/Cost Analysis	15
J. Job Creation and Economic Stimulus	17
1. Construction and Construction related Expenditures	17
2. Jobs Created and/or Preserved during and after Construction	17
3. Business Enterprises Benefitted by Construction	17
4. Employment Equity Issues	18
5. Labor and Civil Rights Compliance	18
K. Secondary Cost Criteria	18
L. Plan for Evaluating Project Performance	19
M. Certifications	19
1. Federal Wage Rate Requirements, Recovery Act	19
2. Section 1511, Recovery Act	19
N. Appendices	19

C. Project Parties

San Luis Valley Development Resources Group

The San Luis Valley Development Resources Group (SLVDRG) performs in the established and time-honored role as the regional development organization for the six-county area of Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache in south-central Colorado. Representing the historical merger of government- and business-oriented development organizations in 1994, the SLVDRG also re-established its organizational ties to the San Luis Valley Council of Governments and maintains its status as a federally-designated EDA Development District.

In order to carry out its mission “to promote and facilitate economic and community development programs which will create jobs, improve income, and maintain a high quality of life”, the SLVDRG introduces new and innovative programming to the region and provides millions of dollars in Federal, State, and local grants. This has also required a high level of expertise in grants management and acquisition of funds to advance projects under its charge.

On-going programs of the SLVDRG include a multi-million dollar Business Loan Fund, administration of State Enterprise Zone tax credits, and long-range development planning under EDA’s Comprehensive Economic Development Strategy (CEDS) process. It also participates widely in various business and community-based organizations; provides data management and research; and assists as needed to advance projects in solar and other renewable energy resources, value-added agricultural processing, and community infrastructure.

San Luis & Rio Grande Railroad

The San Luis & Rio Grande Railroad (SLRG) purchased the Valley’s historic rail lines formerly operated by Union Pacific and Rail America, and owns 150 miles of track extending west from Walsenburg to Alamosa, South Fork, and Antonito. The SLRG is one of eight short-line rail properties operated by Iowa Pacific Holdings (IPH), a private investor-owned group that emphasizes long-term goals, community engagement, and revenue enhancement through improvements in services, facilities, and equipment.

Since assuming control of the railroad in 2006, Iowa Pacific has begun the costly process of upgrading the long-neglected SLRG trackage. The SLRG moves about 8,000 carloads of freight per year, serving the mineral, agricultural, and energy sectors of the region and state. In crossing La Veta Pass at 9,242 feet above sea level, the SLRG has the honor of being the highest rail freight line in North America.

Centered at the historic depot and rail yard location in downtown Alamosa, the SLRG worked with the Rio Grande Historical Society, Alamosa political and business leaders, and tourism officials to establish the highly acclaimed Rio Grande Scenic Railroad. Upwards of 17,600 visitors annually are riding the Rio Grande which includes a La Veta Pass excursion trip and the Toltec Gorge Limited to Antonito for connections with a narrow gauge trip on the Cumbres & Toltec Scenic line.

D. Contact Information

San Luis Valley Development Resources Group

Michael D. Wisdom, Executive Director
San Luis Valley Development Resources Group
wisdom@slvdr.org
Telephone 719.589.6099
Mobile 719.580.6099
610 State Ave, Suite 200
P.O. Box 300
Alamosa, CO 81101

San Luis & Rio Grande Railroad

David P. Simpson Consultants, LLC
simpsonconsult@comcast.net
Telephone 651.293.9195
Mobile 651.269.4133
999 Lincoln Avenue
Saint Paul, MN 55105-3151

E. Project Description

Project Title: San Luis Valley Rail Mobility Initiative (SLVRMI)

1. Narrative

The San Luis Valley Development Resources Group, in collaboration with the San Luis & Rio Grande Railroad is pleased to submit this application for funding from the USDOT Surface Transportation Discretionary Grants program. This innovative and far-reaching proposal promises to bring major long-term benefits to this economically-challenged region, generating new jobs and establishing new, energy efficient patterns for the movement of freight to and from the region. Rail-based rural mobility features of the package will give residents new transportation options for access to jobs, shopping, and health care facilities while strengthening efforts to attract more leisure industry visitors and jobs.

Rail transportation will also help to frame economic development strategies to lever the recent designation of the southern San Luis Valley as the Sangre de Cristo National Heritage Area. Railways have played a critical role in developing the resources of southern Colorado and will grow in importance as a more energy-efficient choice for future transportation needs. Major features of the package include:

Upgrades of track infrastructure to permit handling of heavy, high volume freight traffic to and from SLRG's connection with Union Pacific and BNSF Railway at Walsenburg . The strengthened physical plant will position SLRG to participate in run-through solid train movements of bulk commodities, including the use of Class I run-through power to and from San Luis Valley points. Some competitive freight traffic can only be shifted from truck movement to rail in the context of the operating economies available through solid train movements.

Development of the San Luis Valley Inland Port complex near Antonito. This Inland Port facility is strategically located on US 285, the primary north-south highway serving central Colorado and northern New Mexico. Rail freight to and from the entirety of the US rail network will interchange with SLRG at Walsenburg, moving in large, dedicated trains to the Inland Port for furtherance by truck to final destinations that are widely spread across the targeted region.

New freight traffic to be moved by rail to and from the Inland Port includes:

- Inputs for the drilling industry in northern New Mexico, including frac sand, clay, barium sulfate, and other chemicals
- Outbound products from the region, including dimensional timber, mineral products and crude oil.

The facility will maximize transportation efficiency by combining the fuel efficiency and low emissions of long-distance rail transportation with the convenience of short-haul motor carrier pickup and delivery. These economics will trigger a significant shift of volume from motor carriers to the rail mode, amounting to over 45,000 truckloads per year. Public benefits of this modal diversion total some \$11.6 million annually and are summarized on page 16.

The San Luis Valley Inland Port will anchor the southern end of the SLRG rail service network, and will be located on approximately 200 acres of State-owned land adjacent to the Colorado-New Mexico border just south of the town of Antonito. Approximately three new miles of track will be required to access the site, to be built on the historic "Chile Line" railroad corridor that had extended, at one time, all the way to Santa Fe. The parcel required for the Inland Port operation is part of a large, square mile section of land owned by the state of Colorado. Multilateral discussions are under way between the state, city and SLRG over a lease of the required 200 acres for the inland port operation. A diagram of the proposed site is included in Appendix 3.

Initial investments are targeted to handle large volumes of inbound bulk and liquid products. Concentration of rail and transload operations at the site will lead, in time, to other freight-related investments as clients take

advantage of high service frequency and robust trucking options for distribution to and from the surrounding region. The site is large enough to accommodate a variety of construction, wind energy and intermodal transload - processing facilities. These additional business gains have not been quantified as part of our project cost-benefit assessment.

The passenger rail rural mobility initiative will deliver long-term, regularly scheduled local passenger rail service connecting the communities of Antonito, South Fork and Alamosa, providing residents new options for access to jobs, health care, shopping and educational facilities. Service is guaranteed by the railroad for a twenty-year period without subsidy. The railroad will purchase and maintain equipment and operate trains on a four-times daily schedule between valley communities. User fares will be structured to enable regular valley users to access the service on an affordable, commuter-like basis. Projections of passenger use are included in a formal ridership study commissioned by the railroad in Appendix 4.

Rail tourism is a significant draw to the San Luis Valley, with seasonal tour operations to and from La Veta Pass to Alamosa and operations of the Cumbres and Toltec narrow-gauge railroad from Antonito to Chama, New Mexico. The new, regularly-scheduled year-round service will help to knit various tour options together and permit visitors to experience a wide range of travel options and destinations from a single Valley location.

Other enhancements to leisure industry infrastructure include completion of an integrated multi-modal transportation and visitor center in Alamosa and restoration of the National Historic Register train depot at Antonito. "Dual gauge" track will be restored from Antonito to Alamosa, permitting integration of standard and narrow-gauge rail tourism promotions and trips from the heart of the region.

#	SLVRMI Cost Elements Description	Cost \$ 000
1	Rural Rail Mobility Passenger Service	\$3,000
2	Railroad Station and Maintenance Shop Construction and Rehabilitation	8,000
3	Antonito-San Luis Valley Regional Inland Port	8,700
4	Track Rebuild and Upgrades	77,800
5	Rail Continuity Safety System	2,400
6	Upgrades to Grade Crossing Signaling	4,500
7	Grant Administration	300
	Subtotal	\$104,700
	Less SLRG Cash and In-Kind Contributions	6,500
	TOTAL DOT Funding Request	\$98,200

A New Day for Rail

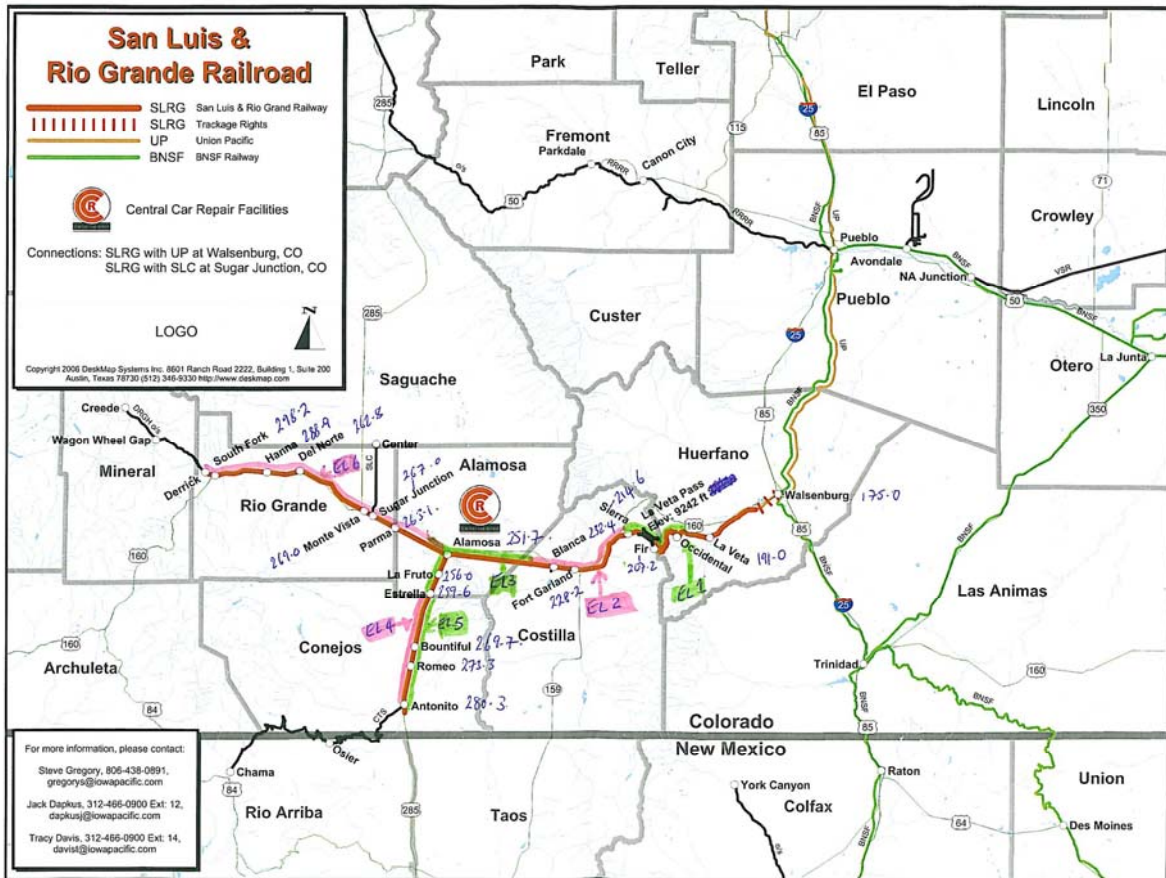
The San Luis Valley has long been a region of Economic Distress, with per capita incomes ranging from 49% to 76% of the national average in constituent counties. The Valley is land-locked, with population and services spread over a large geographic area. As with many rural areas, the Valley's rail infrastructure was vital in its historic development but is currently operating far below its full potential in serving transportation needs and contributing to economic growth and sustainability. This project reflects a re-discovery of the Valley's rail resources, and is designed to upgrade and revitalize the rail system potential for the benefit of distressed communities along its lines and the San Luis Valley region as a whole.

The offer of unsubsidized, regularly-scheduled rail transportation services in a rural area is unique in the modern era and will lever, for public benefit, the investment in upgraded track to serve new freight clients. It is made

possible by the prospect of increased earnings from freight volumes accessible to the railroad from the upgraded physical plant. This and other strategies as presented in this application will likely resonate with other rural areas across the nation and may contain the elements of a show-case project.

2. Map of Project Location and Railroad Infrastructure

The following map shows the SLRG rail lines from Walsenburg to South Fork and Antonito. A more detailed map of the San Luis Valley region is included in Appendix 1.



F. Shovel Ready Criteria

1. Technical Feasibility

In addition to the San Luis Valley Development Resources Group project management team, the San Luis & Rio Grande Railroad brings a high level of experience to the project. Three senior officers from the railroad will share oversight of the work, according to the disciplines and specializations involved in different phases and elements of the project.

Chris Dodge is Chief Engineer of Iowa Pacific Holdings, and has been active in the Railroad Engineering field for 34 years. Since joining IPH earlier this year he has been involved with the project planning, assessments and procurement for the IPH's railroads including an FRA RRIF loan implementation for the Texas & New Mexico Railway and the West Texas & Lubbock Railway. Prior to joining IPH, Dodge worked for HDR Engineering for 2 years as a Senior Rail Project Manager involved in rail design, damage assessment and rail rehabilitation projects. He also held senior planning and engineering roles at a variety of short line holding companies. Dodge began his railroad career at the AT&SF, quickly advancing through a variety of senior engineering, planning and field operations.

Dodge is a strong railway generalist with a keen understanding of the unique challenges involved in short line railroading. He holds a BS in Civil Engineering from the University of California Berkeley, is a registered Professional Engineer and former President of the American Railway Engineering and Maintenance-of-Way Association.

Jeff Barker is Vice President - Project Management for Iowa Pacific Holdings, and brings over 30 years of railroad and transit planning, design, and project management experience to the SLVRMI project. Mr. Barker joined Iowa Pacific Holdings in 2006. Prior to that time he worked with Amtrak in a wide range of leadership roles including high speed rail corridor development, mail and express project management, facility, station, and equipment design and construction. In 1997, Mr. Barker was awarded Amtrak's Presidential Achievement Award for Sustained Excellence. Most recently Barker has overseen key investment initiatives on a variety of IPH rail properties, including service to major new biofuel facilities and large-scale rehabilitation efforts on IPH's Texas properties. He holds a B.S. from the School of Architecture and Environmental Design, California Polytechnic State University, San Luis Obispo, Ca.

Jack Roberson is General Manager for the San Luis & Rio Grande Railroad. Mr. Roberson has over 20 years of freight and passenger rail management with Iowa Pacific Holdings railroads in Texas and New Mexico, Conrail, and Central Andino de Peru. He is responsible for overall day-to-day railroad operations, maintenance, customer service and safety performance for the SLRG.

2. Environmental Approvals

The greatest share of project work associated with SLVRMI is directed to upgrade and rehabilitation of existing trackage on the same land footprint that hosts rail operations today. Such work does not require environmental reviews or approval and is analogous to simple resurfacing of an existing roadway.

The San Luis Valley Inland Port requires construction of approximately five miles of track southward from the existing limit of service just outside the town of Antonito. The alignment crosses BLM property and is under review by BLM officials in order to specify what if any formal environmental assessments will be required. Impacts are expected to be minimal as track will be constructed over the former "Chili Line" right of way, most of which includes the original railway subgrade. Consulting resources needed to process any required environmental review have been identified by the railway and will be deployed, as needed, in advance of any TIGER Grant award.

Specific environmental assessments associated with the Inland Port facility itself will be specified by relevant state and county regulations as elements of the site are developed. With the exception of a new mechanical facility to be built at the existing SLRG yard facility in Antonito, elements of the project involving rehabilitation of existing structures are expected to have minimal impact and will not significantly impact overall project scheduling.

3. State and Local Planning

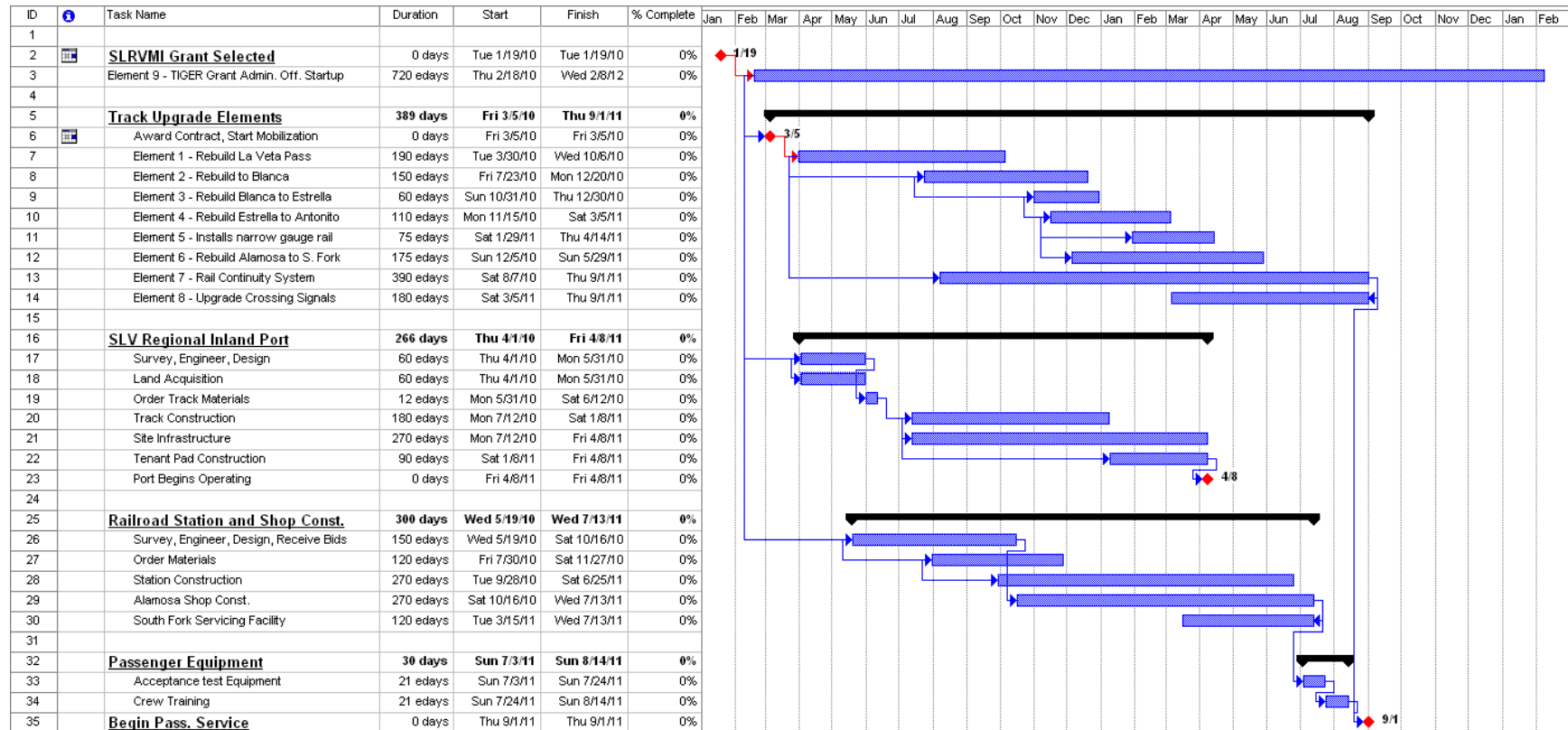
The project is not required to be included in the STIP, but endorsement is anticipated from the Colorado Transportation Commission. The project was unanimously endorsed by San Luis Valley Transportation Planning Region. See Appendix 9 for resolution of support.

4. Financial Feasibility

While the scale of funds required to undertake a major infrastructure project in the San Luis Valley is uncommon, the San Luis Valley Development Resources Group has acquired extensive experience in federal grants management for EDA, CDBG, USDA, and other programs. It also provides fiscal and operational management for a multi-million dollar Business Loan Fund with CDBG requirements. In order to ensure adequate management for the project and TIGER Grant, the SLVDRG is requesting administrative funds to support a Project Manager with the requisite skills and experience.

5. Project Schedule:

Due to the level of content and detail in the SLVRMI proposal, the project schedule is presented in two parts. The first page provides a detailed list of project activities in quarterly increments indicating the first tracks laid in March 2010. The second includes quarterly breakouts of job detail in the various project components.



File : 09-0911 SLRVMI Job Estimates
 Date: 09-0911
 By: J. Barker

**SLRV Mobility Initiative
 Summary of Estimated Jobs Created**

Project Element	Element Description	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q5	2011 Q6	2011 Q7	2011 Q8	2012 Q9	Remarks
<u>Track Upgrade Projects</u>											
1-6	Upgrade La Veta Pass Track Upgrade Mainline to Blanca Upgrade Mainline Blanca to Estrella Upgrade Mainline Estrella to Antonito Install Narrow Gauge Rail Upgrade Mainline to South Fork	32	64	64	96	48	32				
7	Rail Continuity Circuit System			3	10	10	8				
8	Crossing Signal Upgrades		3	3	3	12	12	9			
9	SLVDRG TIGER Grant Admin.	3	3	3	3	3	3	3	3	3	
N/A	AZER In-Kind Track Contrib.	7	7	7	7	7	7	7	7		Grant Administration and Accounting PM Staff and admin., Work train crews, Inspectors, etc.
	Subtotal	42	80	87	119	80	62	19	10	3	
<u>SLV Regional Inland Port</u>											
10	Pre-Construction, Survey, Engineer	15	15								
11	Track Construction/Utility Acces			25	25	25					
12	Site Infra:Grading, Roads/Pwr/Drain			75	75	50	50				
13	Tenant Pad Construction					50	50				
	Subtotal	15	15	100	100	125	100	0	0	0	
<u>Railroad Station & Shop Construction</u>											
14	Pre-Construction, Survey, Engineer		10	10	10						
15	Station Construction			10	10	10	10				
16	Alamosa Shop Construction				25	50	50	25			
17	South Fork Train Servicing Facility					6	6	6			
	Subtotal	0	10	20	45	66	66	31	0	0	
Total Est. TIGER Grant Const. Positions by Qtr.		57	105	207	264	271	228	50	10	3	

SLRG RR Incremental Full Time Positions - Post Project

Incremental Track Maint. - Track Surfacing Gang	4
Passenger Operations Includes 4 Train crew, 3 Mechanics 1 Ticket Agent	8
Subtotal	12

G. Project Funding From All Sources

**San Luis Valley Rail Mobility Initiative
(\$000)**

Cost Element*	TIGER Grant Request	Percent Share	SLRG Contribution	Percent Share	Total Project Funding	Percent Share
Passenger Services			\$3,000		\$3,000	
Rail Stations/Maintenance Shop	\$4,500		3,500		8,000	
SLV Regional Inland Port	8,700				8,700	
Track Rebuild and Upgrades	77,800				77,800	
Rail Continuity Safety System	2,400				2,400	
Grade Crossing Upgrades/Signaling	4,500				4,500	
Grant Administration	300				3,000	
Totals	\$98,200	93.8%	\$6,500	6.2%	\$104,700	100.0%

*See Appendix 2. For more budget detail.

H. Long-Term Outcomes

1. State of Good Repair

The installation of 156,000 crossties and twenty miles of new rail along with cropping, testing and welding of much of the remaining steel will upgrade the property to a state that is well-above minimum FRA Class II safety standards on all lines and FRA Class III in areas of proposed passenger operations. The fortified physical plant will position SLRG to participate in qualitatively different categories of freight movement involving solid-train run-through operations from it's UP and BNSF partner connections at Walsenburg. The new plant will also position the railroad to offer highway-competitive transit options for travel between local communities. Following the upgrade the initial annual capital and maintenance budget for the property will be approximately \$750,000, well within SLRG's finance capability given the new flows of freight traffic over the lines. This budget will grow as new freight volumes are captured and may approach \$1.5 million annually by 2022.

2. Economic Competitiveness

Strategy to Improve the Long-Term Efficiency, Reliability, and Cost-Competitiveness of Freight Movements

The upgraded track infrastructure will position the SLRG to divert substantial volumes of freight from distant motor carriers to the rail mode through operation of run-through (or unit) trains from Walsenburg to the new distribution and transload facility at Antonito. New markets for SLRG will include westbound shipments of mining equipment and supplies to Farmington and other areas in New Mexico from states as far away as Wisconsin.

Benefits to the region will accrue from greater economies of scale and cost-competitive rates made possible by unit train freight handling. The new mode of service will result in reduced transportation costs for inbound and outbound products, and enable the SLRG to negotiate more reliable and frequent rail freight service connections to the Union Pacific and BSNF networks via the Walsenburg interchange. Additional benefits will accrue from

reduced capital and maintenance impacts on the national and region's highway network as significant truck tonnage is diverted to the rail mode.

Improvements in the Long-Term Efficiency, Reliability, and Cost-Competitiveness of Passenger Rail for Workers and the General Public

In addition to the increased freight volume capacity of the new rails, they also support speeds up to 60 mph needed for a viable and timely passenger service. Following completion of the rail upgrades, SLRG is proposing a unique rural mobility service connecting the communities of Alamosa, Monte Vista, Del Norte, South Fork, La Jara, Romeo, and Antonito through a regular, four times daily passenger service operated entirely without subsidy. Additional communities including Blanca and Fort Garland will also be considered.

To ensure affordable train options for low-income, economically disadvantaged, and disabled persons, the SLRG is planning tiered fare structures with discounted fares for regular users of the trains, and will install ADA-accessible station platforms. Greater frequency of service and sensitivity to the work, shopping, medical, and other scheduling needs of the traveling public as proposed in the SLRG package represents a far more efficient way to travel in terms of fuel consumption, maintenance and repair costs, parking space, and degree of travel stress than that associated with commuting by personal auto.

SLRG's commitment to operate passenger services for 20 years without subsidy is made possible by the prospect of increased earnings from its freight operations. This represents a first for the industry and a unique feature in this TIGER application.

Net New Investments Generated by the Port Facility

New investments based on the re-constructed rail and new port facility funded by the TIGER Grant are inevitable, but will require additional time to be fully recognized. The prospect of a rail port has already sparked interest on the part of several companies dependent on the advantages and synergies offered by a rail and motor carrier interface. In time, this is expected to form a concentration, or economic cluster, of interdependent business activities on a modest, rural scale. Details on the type and volumes of commodities shipped and modal diversion from truck to rail are included in Appendix 6.

Net new employment at the port itself is estimated at 5 full-time jobs. To approximate the total employment impact based on a port workforce of 5, we will use a multiplier of 2.072 for the "Railroads and related services" industry, bringing the community-wide impact for the port to a total of 10 jobs.

Freight shipments arriving to the end of the rails at the port facility south of Antonito will be transloaded onto trucks, giving local and border area truckers a chance to complete the final legs of the shipment to destinations within a 200-mile radius and allowing them to return home the same day. The SLRG conservatively estimates about 50 new motor carrier positions needed for the long-term port operations. These positions in turn are anticipated to have a total employment impact on the community of about 95 jobs, based on a trucking industry multiplier of 1.894.

To assess the quality of employment, we compared the proposed staffing pattern and wages for the port workforce to the prevailing jobs and wages in Conejos County. While the occupations at the port consist mainly of warehousing and shipping occupations similar to prevailing jobs in the area, we credit a higher quality to the port jobs based on wages averaging over \$16.00/hr compared with about \$12.00/hr prevailing in the community. SLRG also provides fringe benefits such as health insurance to its employees while other employers do not. Hourly wage rates estimated for truck drivers working out of the Inland Port are over \$28.00/hr, compared with about \$15.00/hr in the broader community.

Port Investments Affecting the Specific Location of Antonito

While the entire San Luis Valley qualifies as an Area of Economic Distress by virtue of per capita incomes of less than 80% of the national average, Conejos County and the specific location of Antonito represent a particularly severe level of distress. Distress indicators making a worst case scenario for Antonito include ---

- From 2000-2008, Antonito was the only town in the Valley with a loss in population (-7.4%). The Valley as a whole gained a modest 4.9% over the same period.
- The \$20,290 per capita income for Conejos County reported by the Bureau of Economic Analysis for 2007 was less than half (49.3%) of the State's per capita and the third lowest in Colorado.
- Antonito's poverty rate in the 2000 Census was 29.6%, compared with a County rate of 22.8%, and a Valley rate of 20.2%.

This disparity continues in spite of several industry locations in Antonito including the terminal and engine repair shop for the Cumbres & Toltec Scenic Railroad; Harborlite plant (perlite); and the Colorado Lava volcanic scoria operation. In addition, real estate subdivisions in nearby Conejos Canyon including Bear Creek, Sheep Creek, Fox Creek, and Horca provide spending input from seasonal homes and some year-round residents.

Extension of Services on the Monte Vista-South Fork Freight Run

Extension of freight service to South Fork presents the potential for a second freight transfer operation at the Hanna site west of Del Norte in Rio Grande County. The Hanna transload facility, while initially modest in scale, will establish a beachhead for improved rail access in the western reaches of the Valley serving resource products and agricultural interests whose interest in the rail option will continue to grow as a product of improved service frequency and interchange reliability onto the national rail network at Walsenburg.

Investment Prospects in Agriculture and Ag Processing

Currently these include the Idaho Pacific potato flake plant in Center; Farm Fresh distributors of value-added potato products in the Monte Vista area; and Morstarch, a new potato processing operation in the former Staley plant site north of Monte Vista. Agricultural chemicals and fertilizers are already being shipped in by rail.

Travel Spending and Investment Opportunities in Tourism Generated by Enhanced Passenger Rail

A totally revamped passenger train service package made possible by the rail upgrades, including greater trip frequencies and convenient schedules, tiered fee schedules for frequent travelers, more train stops, and faster speeds between stops, will promote attractive mobility options to tourists and residents alike. Tourist interest in passenger rail has already been tested by traveler response to SLRG's excursion tours on its Rio Grande Scenic Railroad train to La Veta with ridership currently estimated at 17,600 per year.

Tourist and travel spending associated with the train, and a higher demand for services at the various train stops, is expected to stimulate new investments in tourism-related businesses starting a year or two after completion of the track upgrades with the new enhancements are in place. This would include investments to increase lodging capacity, restaurants, transit and tour operations, and a whole gamut of other retail and service businesses focused mainly on tourists.

Estimates of overnight travel impacts in studies contracted by the Colorado Tourism Office (see Appendix 5) show the Valley counties increasing from \$56.5 million in travel spending in 2000 to \$70.8 million in 2007 --- an increase of 25.3%, or about 3.6% per year. With limited data on hand, we have adopted a conservative growth rate of 3.6% to project the tourism impact on base new services.

While the Valley is rich in attractions such as the Great Sand Dunes, scenic railroads, extensive public lands, and National Heritage designation, tourism accounts for only 12% of the regional economy and a distant third place to agriculture and government. Per capita income derived from tourism is currently less than 75% of the statewide average for Colorado. Visitor Centers, Chambers of Commerce, and others are already realizing a boost from the current passenger rail operations, giving optimism about closing the per capita gap with the state.

Easy access and dependable service by rail will also assist in reducing tourist impact on the highways by permitting tourists to consider auto-free vacations, whereby they can experience all the Valley has to offer while lodging in a favorite location and foregoing the stress, expense, and environmental cost of personal auto use.

Narrow Gauge Track Extension

As a further investment in the infrastructure for tourism, the SLRG is proposing a 28-mile narrow gauge track extension from Antonito to Alamosa. This will permit the Valley's scenic railroad network to be linked between the Cumbres & Toltec in Antonito to the Rio Grande Scenic in Alamosa. Narrow gauge rails closer to mainstreet activities in Antonito has been a goal for downtown revitalization. Boarding convenience to narrow gauge trains in the busier tourist crossroads of Alamosa has potential to increase ridership on the Cumbres & Toltec, and the rider engagement on a longer trip has potential for additional tourist spending.

Antonito Depot Restoration

Restoration of the historic depot in Antonito is complementary to other elements in the tourism infrastructure plan, working in combination with the narrow-gauge track extension into the community's center to provide attractive and simple access to restaurants, lodging and other attractions. .

Alamosa Multimodal Center

Plans to restore the historic train depot in downtown Alamosa for SLVDRG offices, visitor center, and SLRG passenger terminal included an additional option for conversion of the depot site into a multimodal transportation center. With SLVDRG currently housed in the depot and some work still remaining, advancement of the multimodal plans are included as part of this proposal. Originally conceived to include a comprehensive interface of rail, transit, bus, taxi, and airport connections, the Multimodal Center will also complement the tourism investments.

Number and Quality of Jobs Created and/or Preserved Over the Long Term

The SLRG conservatively estimates a total of 12 net new jobs created after construction including train service workers, mechanics, a passenger clerk, and track maintenance workers. The Inland Port and depot components will require 7 more positions, and the port demand for 50 more truckers will bring the direct job total to 69 net new jobs. Secondary job demand created by project and employee spending is estimated at 62 more jobs, which results in a total regional employment impact 131 jobs..

Wages ranging from \$15.38/hr- \$37.50/hr for the SLRG employees are 50-75% higher than comparable jobs in the community, which is one way of indicating a higher quality of employment. SLRG also provides health insurance for its workers, which many in the region do not.

Increased tourist ridership on the rails and associated spending is anticipated to result in job increases at restaurants, lodging, service stations, and other establishment dependent on tourism, but we were unable to locate data in sufficient detail to identify the shares of these jobs attributable to railroad activities.

Intermodal Connections and Connecting Mode Capacities

Integration of rail and motor freight modes is demonstrated at the port facility. Within the context of national freight distribution, the use of trains vs. trucks from the point of origin all the way to the end of the SLRG lines in Antonito demonstrates a more efficient and effective use of the existing rail corridors. The transload port provides opportunities for local motor freight firms and independent truckers to expand their capacities with an inflow of imported freight shipments.

Better intermodal connections for the regular, scheduled passenger operations will take time to develop. Previous rural mobility initiatives have floundered on the need for local operating subsidies; the network of unsubsidized rail service between communities will reduce travel distances and costs for those seeking to provide new options for interconnecting transit options for the aged and transit-dependent residents of this sparsely-populated region.

3. Livability / 4. Sustainability

Railways occupy an important, if somewhat specialized niche in the nation's freight transportation system. Hauling heavy, large-volume shipments long distances, railroads today often bypass communities whose very existence flowed from construction of the country's first truly national transportation system in the 1800's. Most smaller

railroads such as the San Luis & Rio Grande depend on the interchange of freight traffic with one of America's large carriers to reach markets considered competitive for railroads. Shorter distance freight generally moves by truck, with motor carriers enjoying far more flexibility and service frequency when moving freight, for example, within southern Colorado.

Concern over greenhouse gas emissions, highway congestion and sprawling development patterns have brought new focus to rail transportation as a supporting strategy for achieving the nation's freight and passenger mobility goals. In the freight realm there is a significant volume of truck traffic in the "crossover" zone between rail freight and truck freight dominance, where injections of new capital and hybrid, bi-modal handling systems can make a significant difference in restoring greater rail mode participation to the nation's freight markets. Many of the best schemes to capture such traffic combine the long-haul efficiencies of rail with the flexibility of local truck movement for pickup and delivery across far-flung regions such as the intermountain west. The San Luis Valley Inland Port is an excellent example of this approach.

Railroads such as SLRG sometimes identify such market niches but lack the operations scale and cash flow to transform the nature of their operations and to position themselves as competitors for such traffic. Adding to this challenge is the "step function" nature of some such investments. In the case of SLRG a significant volume of bulk traffic can only be wrested from trucks with solid train handling, but the first such train cannot be moved until the track standards of the entire route of movement are upgraded. Financing initiatives such as the TIGER grant program can serve to bridge that gap, putting within reach new sources of revenue for the railroad that will create sustainable economic growth and participation for local residents in flows of commerce through local cartage operations.

Everyone emerges a winner:

- Motorists, who enjoy less crowded freeways with fewer long-haul trucks.
- Valley residents, who enjoy jobs and a share of freight transportation revenue for freight that previously just "rolled through" the region.
- Truckers, who participate in cartage but hold jobs that reliably return them nightly to their home base and their families.
- The environment, through reduced greenhouse gas emissions.
- Taxpayers, who will see slower degradation of their highways and a reduction of the "uncompensated" liability for truck highway use that exceeds the payment of user fees by such users.

5. Safety

Public safety will be enhanced through the SLVRMI as heavy, long-haul freight traffic is converted to rail handling, and as residents and visitors make use of the new regional passenger rail service offerings. A targeted grade crossing program will fund needed highway/rail crossing safety improvements through the areas seeing the greatest increase in train speeds and frequency.

SLVRMI will reduce highway safety risks through diversion of heavy freight and some personal auto traffic to the rail mode. When the Inland Port reaches full operation, the truck miles traveled on the nation's highways will be reduced by over 80 million annually, delivering substantial gains to personal auto travelers. Much of the benefit will be felt by users of the I-25 corridor. A summary of highway impacts is included in Appendix 7. FHWA cost allocation are included in Appendix 8.

Safety of rail operations will be enhanced through development of a more robust physical plant and installation of a new "rail continuity" system to provide continuous, real time, safety alerts as to the integrity of the track structure. This will serve to further reduce the risk of derailments, and provide an added layer of safety to users of the local passenger rail service.

Highway grade crossing improvements will be targeted to areas seeing the greatest increases in train speeds and frequency. Rollout of new passenger operations will be accompanied by a broad-reaching publicity and public information campaign to alert motorists to the higher train speeds and frequencies, and the need for extra vigilance at San Luis Valley grade crossings. SLRG will also work with state and local highway authorities to erect special, temporary signage at public grade crossings to alert motorists to the change in rail operations.

I. Benefit/Cost Analysis

Data and time restraints coupled with aggressive application deadlines have required the SLVRMI team to adopt a simplified approach to assessing overall project costs and benefits. Specifically, all expenditures are assumed to take place in year 0 and benefits are tabulated on an annualized basis for the first full twelve months following completion of the project. Annualized benefits for each category are then multiplied by seven to give an approximate present-value weighting to that category of gains. We have also assumed a terminal value of zero for the new capital assets at the end of the project life.

No effort was made to tabulate reductions in greenhouse gas emissions from the modal shift of freight from truck to rail. Done appropriately, specific data for truck types, the mix of new EPA compliant diesel power plants and locomotive types would need to be assessed and forecasted along with energy consumed in the Inland Port operation. On balance, however, we are confident that GHG reductions are significant.

Changes in land valuations and the tax base of communities served by the new rural mobility service have similarly been omitted. A long-term, reliable alternative to automotive travel in rural areas is untested in modern North America. While we are confident that there will be positive effects, attaching a number to that impact would be purely speculative at this stage.

In summary, the benefits from SLVRMI exceed the Tiger Grant request by approximately \$30 million, or 30% over the project life.

SLVRMI Benefit Quantification: Labor

Category	# Employees	Per-capita annual compensation	Total Category Compensation	PV
Train Service	4	\$78,000	\$312,000	
Train Mechanical	3	65,000	195,000	
Passenger Clerk	1	55,000	55,000	
Track Maintenance	4	55,000	220,000	
Multimodal Center	2	32,000	64,000	
Inland Port Facility	5	34,000	170,000	
Truck Drivers	50	60,000	3,000,000	
DIRECT Labor Impact	69		4,016,000	\$28,112,000
Indirect Impacts	62		*	*

* Indirect labor impacts omitted from benefit calculation in recognition of reduced labor requirement for freight movement in rail/truck service versus direct long-haul motor carrier service.

Freight Modal Diversion; Total Origin/Destination Movement Basis

Commodity	Annual Truckloads	Change in Truck Miles per Load	Uncompensated Highway Costs/Year	PV
Alfalfa	4000	1000	\$552,000	
Frac Sand	8000	2600	2,870,400	
Pipe	4000	2000	1,104,000	
Drilling Clay	8000	1400	1,545,600	
Barium Sulfate	6000	1400	1,159,200	
Chemicals	3500	2000	966,000	
Acid – HCL	1400	1800	347,760	
Low –level radioactive	5500	1600	1,214,400	
Crude Oil	2000	1400	386,400	
Timber/Dimensional	3600	3000	1,490,400	
TOTAL	46,000		\$11,636,160	\$81,453,120

Tourism and Leisure Industry Impacts

Estimated annual gross receipts, San Luis Valley, Tourism and Leisure Industries	% Impact on Base of new Services	Annual Impact	PV
\$ 73,000,000	3.6 %	\$2,628,000	\$18,396,000

Total Project NPV Summary

Category	Annual	PV
Labor	\$4,016,000	\$28,112,000
Freight Modal Diversion	11,636,160	81,453,120
Tourism and Leisure	2,628,000	18,396,000
SUBTOTAL	\$18,280,160	\$127,891,120
Less Project Grant		\$98,200,000
Net Present Value		\$29,691,120
TOTAL GAIN = 30.2%		

Un-quantified Benefits Summary

Category	Description	Comment
Greenhouse gas emissions	Net GHG reductions from modal shift of freight from truck to rail.	Detailed data for truck vs. rail GHG emissions unavailable.
Urban valuation change	Change in taxable value of real estate within 1000 feet of newly-served community stations for rural mobility service	No precedent for establishing value for low-ridership rural scheduled rail operations

J. Job Creation and Economic Stimulus

1. Construction and Construction-Related Expenditures --- All Activities, All Entities

Construction/Construction-Related Activities*	TIGER/SLRG (\$000)
Passenger Station/Shop Construction and Rehabilitation	\$8,000
SLV Regional Inland Port	8,700
Track System Rebuild, Upgrades, Extensions	77,800
Install Rail Continuity Safety System	2,400
Grade Crossing Upgrades/Signaling	4,500
Total	\$101,400

*See Appendix 2. for more budget detail.

2. Jobs Created and/or Preserved During and After Construction

Job Type/Activity	Job Number Peak	Job Number Average
Project Jobs, Construction Phase		
Track Labor Contractors	96	56
AZER In-Kind Track Contribution	7	7
Crossing Upgrades/Safety System --- Labor/Trade Specialties	22	14
Inland Port --- Survey/Engineering	15	15
Inland Port --- Construction/Site Preparation	125	106
Rail Station/Shop --- Survey/Engineering	10	10
Rail Station/Shop --- Building Construction Labor/Trade Specialties	66	42
SLVDRG TIGER Grant Administration	3	3
Total Project Jobs, Construction Phase	271	253
Post-Project Jobs		
SLRG Track Maintenance/Surfacing Gang		4
SLRG Passenger Operations --- Train Crew		4
SLRG Passenger Operations --- Mechanics		3
SLRG Ticket Agent		1
Multi-modal Center		2
Inland Port Operations --- Dock Workers/Material Handlers		5
Inland Port Operations --- Truck Drivers		50
Total Post-Project Jobs		69

3. Business Enterprises Benefitted by Construction

Businesses benefitting directly in the project development stage will include contractors specializing in track installation; building contractors; utilities; road builders; and a range of construction trade specialties including electricians, plumbers, roofers, and other. Project spending will also benefit the supply chain for construction materials including lumber, fuel, cement, pipe, fencing, and other materials. Solar or wind power installations for the Inland Port is also a possibility, producing a demand for renewable energy equipment and expertise. Bids will be sought from local and regional contractors where available and appropriate.

Businesses in the community who are not part of the project, such as restaurants, motels, convenience stores, tire and repair shops, laundry and dry cleaning, and other retail shops and services will also benefit by capturing a new source of spending from workers on the project.

In addition to the Inland Port itself and the trucking firms serving it, we expect a number of prospective business ventures to become identified during the course of construction that will benefit when the freight and passenger services become fully operational. A job increase in tourism businesses is anticipated from greater tourist use of the new train services, but has been difficult to estimate in actual job numbers.

4. Employment Equity Issues --- Project Response to Low-Income and Economically Disadvantaged Workers

With many years of operation in the Economically Distressed Area of the San Luis Valley, the SLVDRG and its predecessor agencies have acquired an acute sensitivity to the needs of low-income and economically disadvantaged populations and workers. CDBG grants providing capitalization for the Business Loan Fund require a majority of persons hired by the assisted businesses to meet federal income guidelines. Similar income requirements are applied for eligibility in SLVDRG's Microenterprise loan program for low- and moderate-income small business owners.

The SLVDRG is also keeping in close touch with community-based organizations such as the La Puente Group Home in recognition of its job placement efforts and partnerships with other agencies working on behalf of low-income; unemployed, underemployed, and disadvantaged populations.

In order to meet TIGER Grant emphasis on equity of benefits and job opportunities, the SLVDRG proposes to use its connections with the above organizations to ensure that an adequate outreach effort has been taken in job recruitment for the project.

5. Labor and Civil Rights Compliance

The SLRG and SLVDRG maintain positive working relationships with employees, clients, and the general public, and are pledged to uphold equal opportunity and civil rights laws with regard to race, gender, age, disability, and national origin.

K. Secondary Benefit Criteria

The San Luis Valley Rail Mobility Initiative is a bold and innovative approach to addressing the economic, environmental and infrastructure needs of a unique region. The TIGER Grant Program is designed to fund projects that will have significant long-term impact on the nation, a metropolitan area, or a region. This initiative is just such a project.

SLRG's commitment to provide regular passenger operations, without subsidy, as part of an overall development package is without precedent in the modern era. The coupling of freight efficiency, job creation, livability, environmental and rural mobility gains in a single investment proposal is unique, and is targeted at an Economically Distressed Area.

This proposal was developed in consultation, and with substantial input from the San Luis Valley's business, tourism, and public agency stakeholders. The large collection of stakeholder support letters displayed in Appendix 12 is evidence of that engagement. The robust planning foundation managed by the San Luis Valley Development Resources Group has placed SLVDRG in a unique position to confirm the alignment of this proposal with long-standing objectives to:

- Increase employment through development of higher-paying, year-round jobs;

- Better lever the natural and historic attractions of the Valley through better connections to widely-spaced individual points of interest;
- Provide alternatives to personal auto travel, particularly for the transit dependent and aging residential population; and
- Promote new development approaches that reduce dependence on fossil fuels and are in alignment with national environmental goals.

SLVDRG is excited about the prospects for accelerated economic growth brought to light in this application process., and we would respectfully request your fullest possible consideration. We would also bring your attention to the widespread stakeholder support for the project indicated in Appendix 10, and we will continue to forward more comments as they are received.

L. Plan for Evaluating Project Performance

Our request for administrative funds will enable the SLVDRG to hire a Grants Officer or similar position with the appropriate experience and background to perform all required management tasks of the TIGER Grant, including evaluation of the project's short-term and long-term performance.

M. Certifications

1. Federal Wage Rate Requirements, Recovery Act

A signed certification by the applicant stating that it will comply with the requirements of Subchapter IV of Chapter 31 of Title 40, United States Code is attached in Appendix 11.

2. Section 1511, Recovery Act

Certification of the Section 1511 requirements for TIGER Grant applications as outlined in the Federal Register, June 17, 2009 will be submitted contingent on grant award.

N. Appendices

Appendices can be found at: San Luis Valley Development Resources Group Website www.slvdr.org under the tab labeled **SLV TIGER Grant Application**.

- 1) Detailed SLVRMI Region Map
- 2) SLVRMI Project Budget
- 3) San Luis Valley Inland Port facility concept diagram
- 4) SLVRMI Passenger Rail Ridership Study
- 5) Colorado Travel Impacts, 1996-2007 (www.deanrunyon.com/traveldata)
- 6) SLVIP Commodity Volume Market Targets
- 7) SLVRMI Highway Impact Summary
- 8) FHWA 2000 Update to 1997 Cost Allocation Study (www.fhwa.dot.gov/policy/hcas/addendum.htm)
- 9) San Luis Valley Regional Transportation Planning Region Resolution of Support
- 10) Letters of Support for SLVRMI
- 11) Federal Wage Rate Certification