

## **VIRGINIA PORT AUTHORITY VIRGINIA BARGE AND RAIL USAGE GRANT PROGRAM AND FUND**

### **BRU POLICY**

**PREFACE** The Virginia General Assembly, in July 2023, established the Virginia Barge and Rail Usage Grant Program and Fund in order to “*provide grant funding for those international trade facilities, as defined below, that utilize barges and rail systems, in lieu of trucks or other motor vehicles, while engaging in port-related activities.*” For this reason, the Virginia Port Authority (VPA) finds it necessary and in the public’s interest, and pursuant to its statutory responsibility, to establish a policy of procedures and requirements under the Virginia Barge and Rail Usage Grant Program and Fund. This guiding standard shall be as follows:

#### **I. DEFINITIONS**

- A. Barge and rail cargo volume – means total amount of (i) net tons of non-containerized cargo, (ii) TEUs of cargo, or (iii) units of roll-on/roll-off cargo actually by barge or rail rather than by trucks or other motor vehicles on the Commonwealth's highways.
- B. International trade facility – means a company that:
  - 1. Does business in the Commonwealth and is engaged in port-related activities, including warehousing, distribution, freight forwarding and handling, and goods processing;
  - 2. Has the sole discretion and authority to move cargo originating or terminating in the Commonwealth;
  - 3. Uses maritime port facilities located in the Commonwealth; and
  - 4. Uses barges and rail systems to move cargo through port facilities in the Commonwealth rather than trucks or other motor vehicles on the Commonwealth's highways.
- C. Maritime port facilities – is the port facility in the Commonwealth where the cargo is first loaded to or unloaded from a ship or barge.

#### **II. ADMINISTRATION**

The following outlines the eligibility, application, allocation, and distribution guidelines and procedures of the Virginia Barge and Rail Usage Grant Program and Fund:

- A. Eligibility:
  - 1. Applicants must meet the definition of an international trade facility as defined in Section I of this program.
  - 2. The eligible international trade facility shall be required to increase their barge and rail cargo volume for a calendar year by at least five percent (5%) above the preceding calendar year's volume. Volumes will be measured from January 1 through December 31 of each calendar year.

3. The eligible international trade facility must have an ownership interest in the cargo at the time the port facilities are used.
  - a. Ownership is determined by the terms of the contract between the two parties and is evidenced by the bill of lading.
4. Cargo qualifying for the grant award must result from a diversion of shipments from highways in the Commonwealth.
  - a. Only international shipments qualify for the Virginia Barge & Rail Usage Grant program. Shipments to a port in the Commonwealth from another state, or domestic exports from the Commonwealth, do not qualify for the grant award.
  - b. Shipments through inland ports or any other facility where cargo may be reshipped do not qualify for a second grant award.
5. The Virginia Port Authority shall not make awards under this grant program to applicants who are receiving tax credits under §58.1-439.12:09 for the same cargo.
6. No eligible international trade facility may apply, nor shall one be awarded multiple grants, utilizing the same cargo, employees, or capital investments.
7. For the facility to be eligible for the grant award, the Virginia Port Authority, in its sole discretion, must determine that the proposed facility meets the prescribed requirements and will further the interests of the Commonwealth of Virginia.

B. Application:

1. The Virginia Port Authority will serve as the responsible agency for administering the Virginia Barge and Rail Usage Grant Program and Fund through the evaluation of applicants and disbursement of funds at its discretion.
2. An eligible international trade facility **must pre-apply** to the Virginia Port Authority between September 1 and October 31<sup>st</sup> in the year preceding the general application period by submitting a pre-application form found on the Port of Virginia webpage: portofvirginia.com.
3. Within in 45 days of the close of the pre-application period, each pre-application form must be reviewed and scored by the Incentive Grant Review Committee (IGRC) consisting of:
  - a. Vice President of Growth, Virginia International Terminals
  - b. Vice President of Port Centric Logistics, Virginia Port Authority
  - c. Sales & Marketing Manager or Director, Virginia International Terminals

- d. Incentive Grant Specialist, Virginia Port Authority, nonvoting member
4. The pre-application scoring is considered against the following criteria and description:
- a. Anticipated Volume Increase - Grant applications from companies that show the largest absolute increase in cargo volumes will be prioritized for their substantial contribution to port activity and economic growth. Emphasis will be placed on the absolute magnitude of the volume increase, irrespective of percentage growth.
  - b. Richmond Marine Terminal (RMT) and the Virginia Inland Port (VIP) - Grant applications from companies that demonstrate significant utilization of Richmond Marine Terminal or the Virginia Inland Port for barge and rail transportation will be prioritized for their contribution to increasing cargo throughput and diversifying transportation modes.
  - c. Infrastructure Investment - Grant applications from companies making substantial infrastructure investments in the Commonwealth, such as the development of new port-related facilities or upgrades to existing ones, will be prioritized for their potential to catalyze economic growth, enhance logistical capabilities, and improve the competitiveness of the Commonwealth's transportation network. Additionally, equal prioritization will be given to cargo owners who demonstrate a commitment to filling open warehousing inventory, even if they do not make the infrastructure investment directly, but instead utilize third-party logistics providers.
  - d. Letter of Recommendation - When evaluating grant applicants, customers who receive a letter of recommendation from Virginia International Terminals will be prioritized for their demonstrated commitment to contribute to the economic growth of the Commonwealth and their efforts to increase international trade activities, bolster the resilience and competitiveness of the Port of Virginia, and solidify its status as a key economic gateway through increased cargo throughput. These letters are given at the sole discretion of a senior leadership, non-committee member of the Virginia International Terminals, in recognition of specific projects which strongly align with the above-mentioned goals of the program.
  - e. New<sup>1</sup> v. Existing Users - Grant applications from new users will be assessed with greater emphasis on their potential to drive growth, expand market reach, and contribute to the overall strategic objectives of The Port of Virginia. Factors such as the projected impact on cargo volumes, market diversification, and job creation will be given heightened consideration when ranking applications from new users. However, existing users will still be evaluated based on their contribution to the port's success and their plans for continued collaboration and growth within the port ecosystem. <sup>1</sup>New user is

defined as a new customer utilizing the Port of Virginia.

5. In any given year, IGRC will deploy metric aggregators to identify the baseline of the tiered scoring proportionately for each category based on that year's pool of applicant's information. Every application year, the data provided by the applicants will be queried and a new baseline will be established and recorded.
6. At the completion of the due diligence process, no later than December 31 of the pre-application year, an applicant will be notified of either pre-approval or renunciation.
  - a. Pre-approval means - the applicant/facility will be directed to complete the general application process when the program commences on January 1.
  - b. Renunciation means – the applicant/facility was not directed to complete the general application as a result of unfulfilling the program's anticipated qualifications.
  - c. Failure to complete a pre-application as mentioned above, results in an awarding disqualification of this program's funds for the year intended to apply.
  - d. Failure to submit a general application by the deadline forfeits opportunity to receive an award.
7. The general application period begins January 1 or the calendar year immediately following the calendar year of the barge and rail growth and pre-application. Submission of the general grant application shall be made **by March 31st**.
8. General application guidelines include:
  - a. Submission of a completed general application through the Cargo Verification Portal found on the Port of Virginia's webpage <http://tax.portofvirginia.com/> via an upload, or by an email or standard mail to the address listed in the general application instructions;
  - b. Providing the portal verification of the facility's uploaded cargo details for the eligible barge and rail volume from the base year and the preceding calendar year. The total TEUs listed on this validation summary will become a part of the application. If cargo does not originate or terminate with the Port of Virginia port facilities, the applicant must utilize the corresponding Schedule A;
  - c. Applicant signatures;
  - d. An upload of the facility's W-9; and
  - e. Any additional identifying company information requested.

C. Allocation:

1. The Virginia Port Authority, in its sole discretion, may allocate the total amount requested to an applicant, any portion thereof, or may decline to allocate funds from this program.
2. Subject to appropriation, the amount of the grant shall be \$25 per 20-foot equivalent unit (TEU), 16 tons of noncontainerized cargo, or one unit of roll-on/roll-off cargo moved by barge or rail rather than by trucks or other motor vehicles on the Commonwealth's highways.

D. Distribution:

1. The Virginia Port Authority shall determine the grant amount allowable for the year and shall provide written notification to the awarded international trade facilities by June 1<sup>st</sup>.