

Briefing Report

Subject: Railroad Rehabilitation and Improvement Financing Program (RRIF)

The effective date for the RRIF program final rule was September 5, 2000. The total program authorized up to \$3.5 billion at any one time, with not less than \$1 billion available solely for projects that benefit freight railroads other than Class I carriers.

- 1) Purpose of the RRIF program - to provide direct loans and loan guarantees to:
 - State and local governments;
 - Government sponsored authorities and corporations;
 - Railroads; and
 - Joint ventures that include at least one railroad.
- 2) Eligible purposes are to:
 - Acquire, improve or rehabilitate intermodal or rail **freight or passenger** equipment or facilities (including track, components of tracks, bridges, yards, buildings, and shops);
 - Refinance outstanding debt incurred for these purposes; or
 - Develop or establish **new** intermodal or railroad facilities.
- 3) Operating expenses are **not** eligible for funding.
- 4) Priority consideration will be given to projects that:
 - Are endorsed by the Statewide Long-Range Transportation Plan and State Rail Plan;
 - Preserve or enhance rail or intermodal service to small communities or rural areas.
 - Promote economic development;
 - Enable U.S. companies to be more competitive in international markets;
 - Enhance public safety; or
 - Enhance the environment;
- 5) Maximum repayment period for loans and guaranteed loans is 25 years.
- 6) Interest rate on direct loans will be equal to the rate on Treasury securities of a similar term.
- 7) Use of third party consultants to prepare financial evaluations of the proposed project and applicant is encouraged.
- 8) An Environmental Assessment may be required.
- 9) Lender will be responsible for servicing the loan.

The form and content for an application and the specific costs and other detailed requirements are listed in the final rulemaking. These include:

- Investigation Charge: one half due when formal application submitted to FRA, with balance due within 60 days. (Charge may be waived through the use of a financial advisor approved by FRA.)
- Credit Risk Premium: to be paid before disbursement of funds.
- Credit rating by a nationally recognized rating agency or detailed financial statements (past and projected) and other related information.