



Project Title: South Orient Railroad (SORR) Rehabilitation Project
Location: Fort Stockton, Texas, Congressional District 23
Application Type: Capital Rural Freight Rail Project
Applicant Name: Texas Department of Transportation Rail Division
Eligibility Type: State
Funding Request: \$7,084,565
Website: <http://www.txdot.gov/inside-txdot/division/rail.tiger.html>

Tiger VI Grant Application

April 22, 2014

Table of Contents

Table of Contents.....	i
Table of Tables.....	iii
Table of Figure.....	iii
Section 1 : Project Description.....	1
Section 1.1 : Project Summary	1
Section 1.2 : Project Background.....	7
Section 1.3 : Detailed Project Description.....	11
Section 1.4 : Estimated Budget.....	12
Section 1.5 : Expected Users.....	12
Section 2 : Project Parties	13
Section 3 : Grant Funds and Sources / Uses of Project Funds	14
Section 4 : Selection Criteria.....	15
Section 4.1 : Long-Term Outcomes	15
State of Good Repair.....	15
Economic Competitiveness	15
Quality of Life.....	17
Environmental Sustainability.....	19
Safety	19
Project Readiness	20
Technical Feasibility.....	21
Financial Feasibility.....	23
Project Schedule	23
Assessment of Project Risks and Mitigation Strategies	24
Section 4.2 : Innovation	24
Section 4.3 : Partnership	25
Jurisdictional and Stakeholder Collaboration	25
Disciplinary Integration	25
Section 4.4 : Results of Benefit-Cost Analysis.....	25
Section 4.5 : Environmental Reviews and Approvals.....	28
NEPA.....	28

Legislative Approvals	28
State and Local Planning.....	29
Section 4.6 : Federal Wage Rate Certification	29

Table of Tables

Table 1-1: Summary Metrics Over the Study Period, 2013\$ millions.....	6
Table 1-2: Project Materials, Quantities, Costs.....	12
Table 1-3: Project Timeline.....	12
Table 3-1: Project Funding Sources, 2013\$ millions.....	124
Table 4-1: Preliminary Risk Assessment.....	24
Table 4-2: Economic Benefits of Project, 2013\$ millions.....	26
Table 4-3: Summary Metrics Over the Study Period, 2013\$ millions.....	27

Table of Figures

Figure 1-1: Map of the South Orient Railroad (SORR).....	2
Figure 1-2: SORR Before and After Rehabilitation Example.....	2
Figure 1-3: SORR TIGER VI Project Area.....	3
Figure 1-4. Projected Short-Term SORR Volumes (2013-2017).....	4
Figure 1-5: Acreages in the Permian Basin in Relation to the SORR.....	9
Figure 1-6: Fort Stockton Frac Sand Transload Facility.....	10
Figure 1-7: Deteriorated SORR Track.....	11
Figure 4-1: Grade Crossing Before and After Rehabilitation.....	17
Figure 4-2: TxDOT Asset Management.....	21
Figure 4-3: Project Schedule.....	23
Figure 4-3: Present Value of Benefits by Category.....	27

Section 1: Project Description

Section 1.1: Project Summary

The South Orient Railroad (SORR) rehabilitation project from Sulphur Junction to Fort Stockton, Texas, is a shovel-ready rural freight rail project. This project will have a significant impact at a regional level in terms of reduced energy producer input prices in the Permian Basin and potential for providing increased shipments of grain, automobile parts and other commodities.¹ At a national level, this project will support the goal of energy independence as well as enable future potential to export goods from the US to Mexico. This project is the only TIGER grant application that Texas Department of Transportation (TxDOT) will submit, emphasizing the project importance to the State and its supporting stakeholders.



"If the United States achieves energy independence, it will be because of the Permian Basin" April 2013

David Porter,
Texas Railroad Commissioner

In addition to these impacts, the project will foster the creation of additional high-paying jobs in the region in the areas of oil and gas extraction, engineering, and construction positions, creating ladders of opportunity and job security for many who would otherwise be under-or-unemployed. The project will also provide benefits in terms of: increased rail velocity from 10 mph to 25 mph, better use of multimodal connections, avoidance of heavy truck use, reduction in transportation costs, and job creation.

The SORR rehabilitation project is strongly supported by Texas' Congressmen and State Legislators from the region as well as TxDOT, Texas Pacific Transportation (TXPF), Fort Stockton Economic Development Corporation, BNSF Railway, Fort Worth and Western Railroad (FWWR), and other state, and local stakeholders.

The benefits from rehabilitating the SORR between Sulphur Junction and Fort Stockton exceed \$60.1 million over 20 years, with a benefit – cost ratio (BCR) of 4.13 to 1, a Net Present Value (NPV) of over \$45.6 million², and an internal rate of return (IRR) of 24.1% (see Table 1-

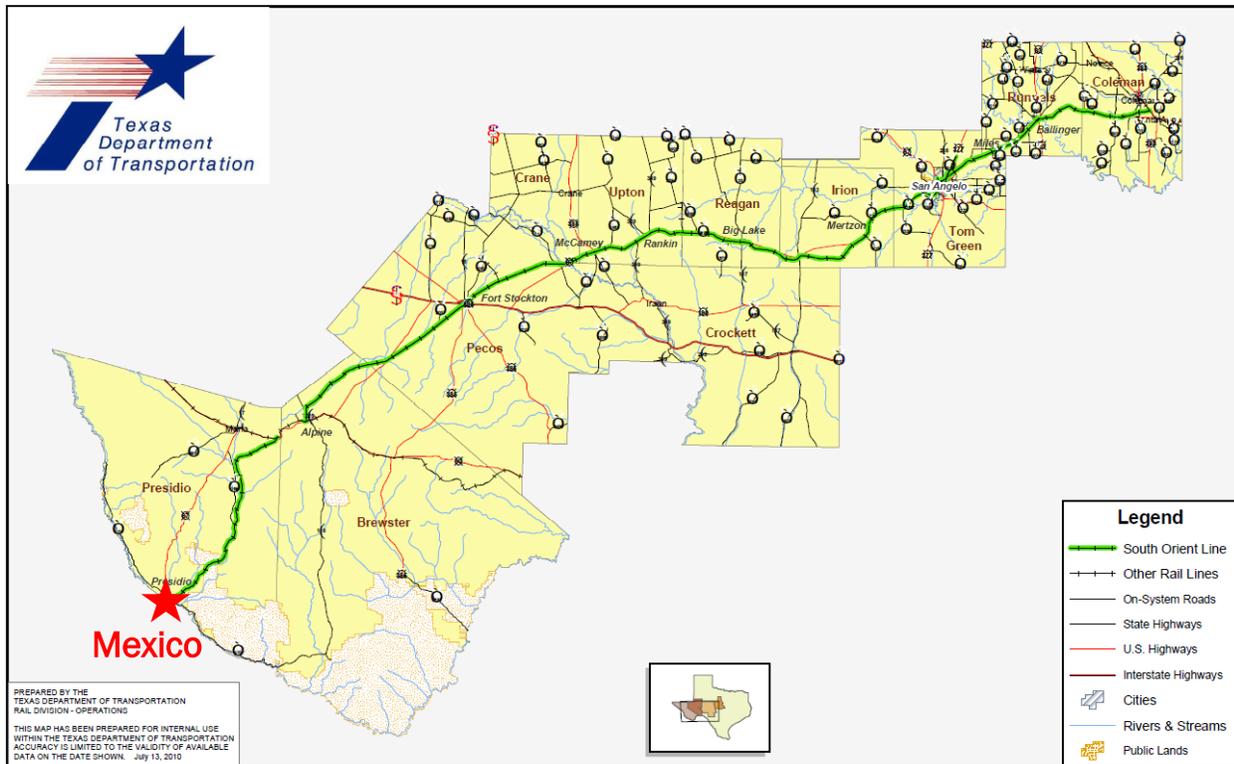


¹ Potential Economic Impacts of an Improved South Orient Railroad. TxDOT. December 30, 2007.

²The listed benefit number, NPV, and BCR ratio are discounted to 2014 at 7% and are in 2013\$.

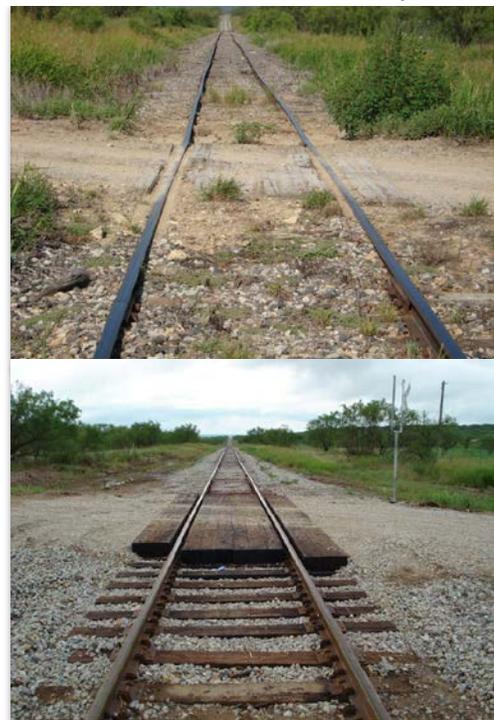
1 on Page 6). The project will create 291.9 job years during the 2015 to 2016 design/construction phase.

Figure 1-1: Map of the South Orient Railroad (SORR)



The project has been environmentally cleared at the state level, meets all state and federal requirements, and can go to letting immediately upon federal approval of the Categorical Exclusion (CE) checklist and obligation of funding. The project does not include work over any navigable waterways, rivers, or streams, and no additional permits or approvals are required beyond the Federal Railroad Administration CE.

Figure 1-2: SORR Before and After Rehabilitation Example



A considerable amount of work has already been completed to date on the SORR which extends approximately 391 miles in length from San Angelo Junction to Presidio at the Texas/Mexico border as shown in Figure 1-1. Since 2009 a total of \$26.5 million has been invested by TxDOT and the railroad operator, TXPF, on rehabilitation projects including rail, tie and ballast replacement, grade crossing replacement, new siding construction, bridge construction, and bridge rehabilitation. These investments allow for increased speeds to

25 mph in areas where rehabilitation has occurred. An example of a typical grade crossing rehabilitation is shown in Figure 1-2 on the previous page.

Figure 1-3: SORR TIGER VI Project Area



The proposed project will upgrade the SORR from Sulphur Junction to Fort Stockton, as shown in Figure 1-3, to Federal Railroad Administration (FRA) Class 2 (25 mph) status.

The FRA Region 5 Administrator and staff travelled the line both before and after TxDOT's previous rehabilitation projects. FRA Region 5

staff are very familiar with the improvements to the line and the need to continue rehabilitating the infrastructure west of San Angelo, including the deteriorated condition of the line within the project limits of this application.

The project will be appropriately capitalized up-front via a public-private partnership among the federal government, TxDOT, the Fort Stockton Economic Development Corporation, and TXPF.

The TIGER funding being requested is required to complete the funding package and enable the project to proceed. If this funding is not provided, this section of the line is expected to become inoperable within 5 to 10 years, threatening future transportation network efficiency, freight mobility, energy development, and economic growth. When this section of the line becomes inoperable, the ability to transport materials needed to develop the Permian Basin and crude oil outputs will be greatly diminished, while the cost of transporting these materials will be increased. Decreased ability to ship by rail will result in a drastic increase in truck freight movements leading

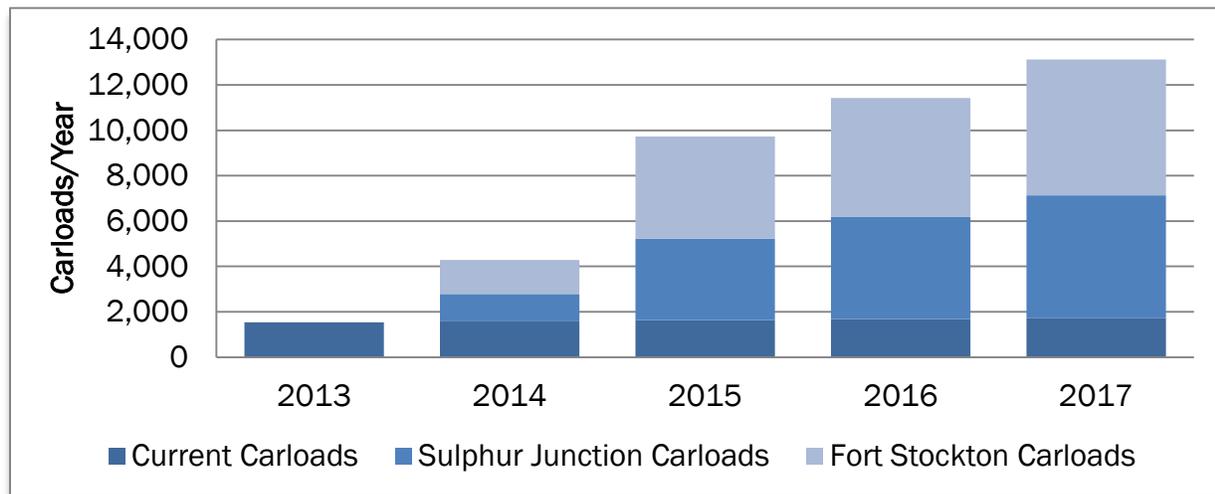
"The rehabilitation of the rail from Sulphur Junction to Fort Stockton will provide new and existing industry with capabilities that will allow for greater capital investment, job creation and risk reduction in support of the region's oil and gas industry. The rail rehab will also create opportunities for ancillary business growth and diversification of the region's economy." April 2014

Doug May,
Fort Stockton Economic Development Corporation

to negative road maintenance, safety and environmental externalities.

The city of Fort Stockton is located 12 miles west of Sulphur Junction. The freight moved to Fort Stockton has risen from 144 car loads in 2007 to over 1,535 car loads in 2013, a tenfold increase. This section of track is forecasted to see further major increased in traffic in the immediate future. Two trans-loading facilities to accommodate inbound frac sand shipments at Sulphur Junction and Fort Stockton respectively are planned to be operational by summer 2014. These trans-loading facilities are anticipated to start receiving frac sand in the spring of this year and should ramp-up to full capacity over the next 3 years as shown in Figure 1-4.

Figure 1-4. Projected Short-Term SORR Volumes (2013-2017)



The section of the line for this proposed project is currently FRA Class 1 (10 mph) and requires significant rehabilitation due to substandard rail, defective ties, and track alignment deficiencies. If not rehabilitated, the recent and projected increase in traffic will cause rapid deterioration of the line, resulting in a reclassification to Excepted Status and the eventual termination of rail service.

The rehabilitation is necessary in order to prevent this degradation of the track structure, to continue and improve operations, and provide safe and efficient rail service to existing and new customers. This is the only rail line providing service to the cities

“Fort Worth & Western Railroad is very supportive of all efforts to improve the SORR line especially since we see great benefits with rehabilitated Presidio Gateway for moving freight through a new competitive gateway that will benefit the State of Texas and many industries throughout North America. FWWR serves as bridge connection for Kansas City Southern and Texas Pacifico which would provide KCS with a new connection with Ferromex for the Northern and Western parts of Mexico.”

April 2014

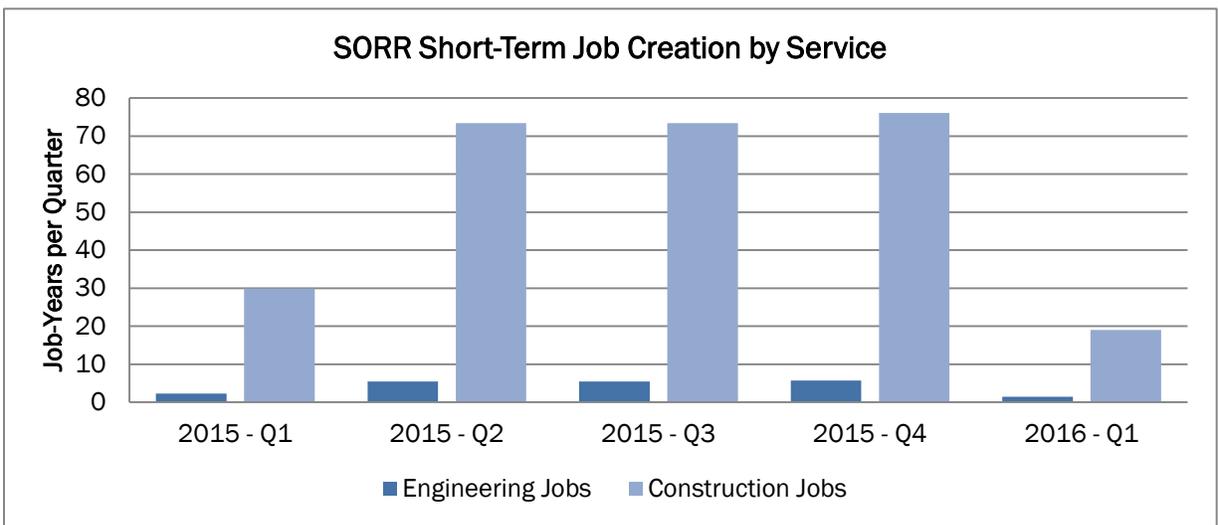
Richard Lesikar,
VP Business Development
Fort Worth & Western Railroad

and businesses in the region, which includes agricultural interests, steel manufacturers, mining businesses, energy resources, and many other customers. Termination of rail service to the region threatens future transportation network efficiency, freight mobility, and economic growth at a regional and national level.

LADDERS OF OPPORTUNITY

The SORR will assist in creating economic ladders of opportunity by bringing additional jobs and businesses to the area as a result of the improved regional freight rail transportation system serving enhanced energy-related developments and support services. In particular, this project will allow for the creation of additional high-paying oil and gas extraction jobs in the region. The national average oil and gas extraction job pays a mean wage of \$91,410 versus the average national mean wage for all occupations of \$46,440¹, while the median household income in Pecos County is \$43,529. These high-paying jobs will provide job security for many who would otherwise be working in lower paying jobs or unemployed.

In addition to the high paying oil and gas extraction jobs, this project will create engineering and construction jobs in the short-term during the design and construction period. Short term jobs for many may be considered a ladder of opportunity to gain working experience which will allow for further long-term job prospects. The figure below shows the short-term job-years created by quarter by the project.



The project will provide significant benefits to the region, state, and nation through:

1. better use of multimodal connections,
2. improving rail efficiency and capacity
3. avoiding freight diversion to truck,
4. avoiding highway maintenance costs,
5. avoiding increased transportation costs,
6. avoiding increased traffic congestion,
7. avoiding increased accident risk,
8. improving the transport of production inputs to the Permian Basin,
9. improving ability to transport of agricultural products,
10. facilitating export of products to Mexico,
11. contributing to US energy independence, and
12. job creation.

A summary of the key metrics from the SORR Rehabilitation project Benefit-Cost Analysis (BCA) are shown in Table 1-1.

Table 1-1: Summary Metrics Over the Study Period, 2013\$ millions

Project Evaluation Metric	7% Discount Rate	3% Discount Rate
Total Discounted Benefits	\$60.1	\$98.6
Total Discounted Costs	\$14.6	\$15.4
Net Present Value	\$45.6	\$83.2
Benefit / Cost Ratio	4.13	6.40
Internal Rate of Return (%)	24.1%	
Payback Period (years)	5.0	

"The rehabilitation of the section between Sulfur Junction and Fort Stockton is a joint project to be developed along with the Texas DOT and the City of Fort Stockton and crowns the efforts to mainstream our operational line into an FRA class II track. It also allows us to offer our customers a uniform and steady quality service from San Angelo Junction all the way to Fort Stockton in a 240 mile track span, the improved safety, reliability and efficiency operating in that segment of the line very well justifies the investment." April 2014

Hilario Gabilondo
 CEO & Managing Director
 Texas Pacifico Transportation, Ltd.

Section 1.2: Project Background

The South Orient Railroad, a TxDOT owned rail facility, is 391 miles in length. The SORR extends from San Angelo Junction (near Coleman) to Presidio at the Texas/Mexico border. TxDOT has leased operations to Texas Pacific (TXPF) Transportation and under the terms of the agreement, TxDOT became the railroad's permanent owner and Texas Pacific obtained a 40-year operating lease. Under the terms of the operating lease TXPF is responsible for all maintenance works and will maintain the length of track proposed to be rehabilitated by this project.

The project includes a potential NAFTA trade corridor through the connections with Ferromex at Presidio. The SORR is one of only eight rail border crossings between the U.S. and Mexico providing opportunities for increased services and revenue generation in the future. In the last year where census commodity flow survey data is available, the US exported \$81.7 billion worth of goods to Mexico. Roughly 30.4 percent of these goods were transported by rail, suggesting there is strong reliance on US/Mexico rail border crossings which are in a state of good repair. Although the border crossing is not part of this project scope, this rehabilitation will allow for better eventual movement of goods across the Presidio Bridge once it is reconstructed as described in the sidebar.

When TxDOT completed the acquisition of the SORR in 2001, train speeds were restricted to 10 mph as a result of deferred maintenance by the prior owners, which caused deterioration of the infrastructure. TxDOT has taken a "phased" approach to rehabilitating the line beginning at the eastern connection to BNSF/FWWR and moving westward in a segmented process. Improvement projects since the acquisition have enabled 25 mph speeds on roughly 228 miles of track from San Angelo Junction to Sulphur Junction (12 miles east of Fort Stockton) but there is still a 10 mph limit from Sulphur Junction

Presidio Bridge



Portions of the International Rail Bridge south of the levee at Presidio burned to the ground in 2008 and 2009. TxDOT has completed a 60% plan set for reconstruction of the bridge. Those plans were presented to the USACE and they have requested that 100% plans be completed and presented for review. When the plans are approved and authority to reconstruct the bridge is received, TxDOT will present the plans and approval to TXPF who is responsible for reconstructing the bridge. Reconstruction of the bridge should be completed by summer 2016.

TXPF is working closely with Fort Worth & Western Railroad (FWWR) and Kansas City Southern Railway (KCS) to develop international traffic through the Presidio gateway after the bridge is reconstructed. FWWR has developed a market strategy for the gateway which should provide for significant volumes of rail freight through Presidio. **Rehabilitation of the line between Sulphur Junction and Fort Stockton will also support this initiative as this new business moves north from Presidio across the entire length of the SORR to Fort Worth.**

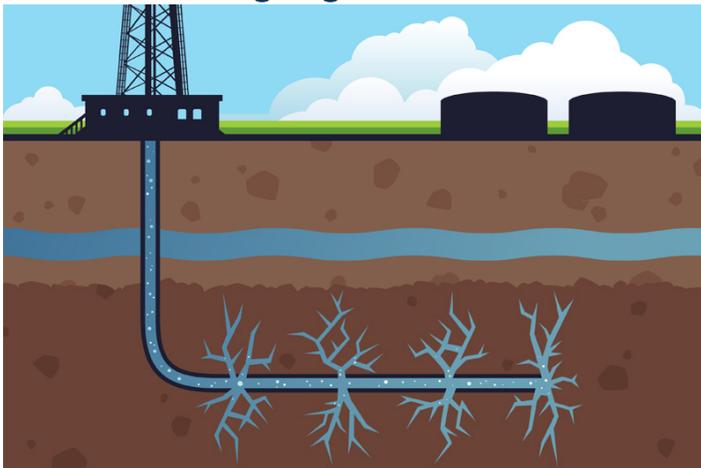
to Fort Stockton. It is imperative that this section of the track be rehabilitated in order to achieve the potential economic benefits of the railroad to the region and the city of Fort Stockton. Subsequent projects are being developed to rehabilitate the line, in segments, from Fort Stockton to the border at Presidio.

Energy Independence and the Permian Basin

The United States is going through a period of incredible transformation when it comes to crude markets. Since 2006, crude oil production is up 33% and rapid growth is forecast to continue in the near future. The International Energy Agency now projects that the US will surpass Saudi Arabia as the world's largest producer of oil by 2017 or earlier. Others claim that the US will become energy independent by 2030.

Overall US production now represents more than 10 % of global production. Much of this increased crude oil production in the US in the last 5 years is due to the proliferation of drilling and hydraulic fracturing for "tight oil". More than 40 percent of current US crude production is from tight oil and the largest production field is the Permian Basin with production of more than 1.4 M barrels per day. **Rehabilitation of the SORR will further enable resource development in the Permian Basin allowing the goal of energy independence to be achieved.**

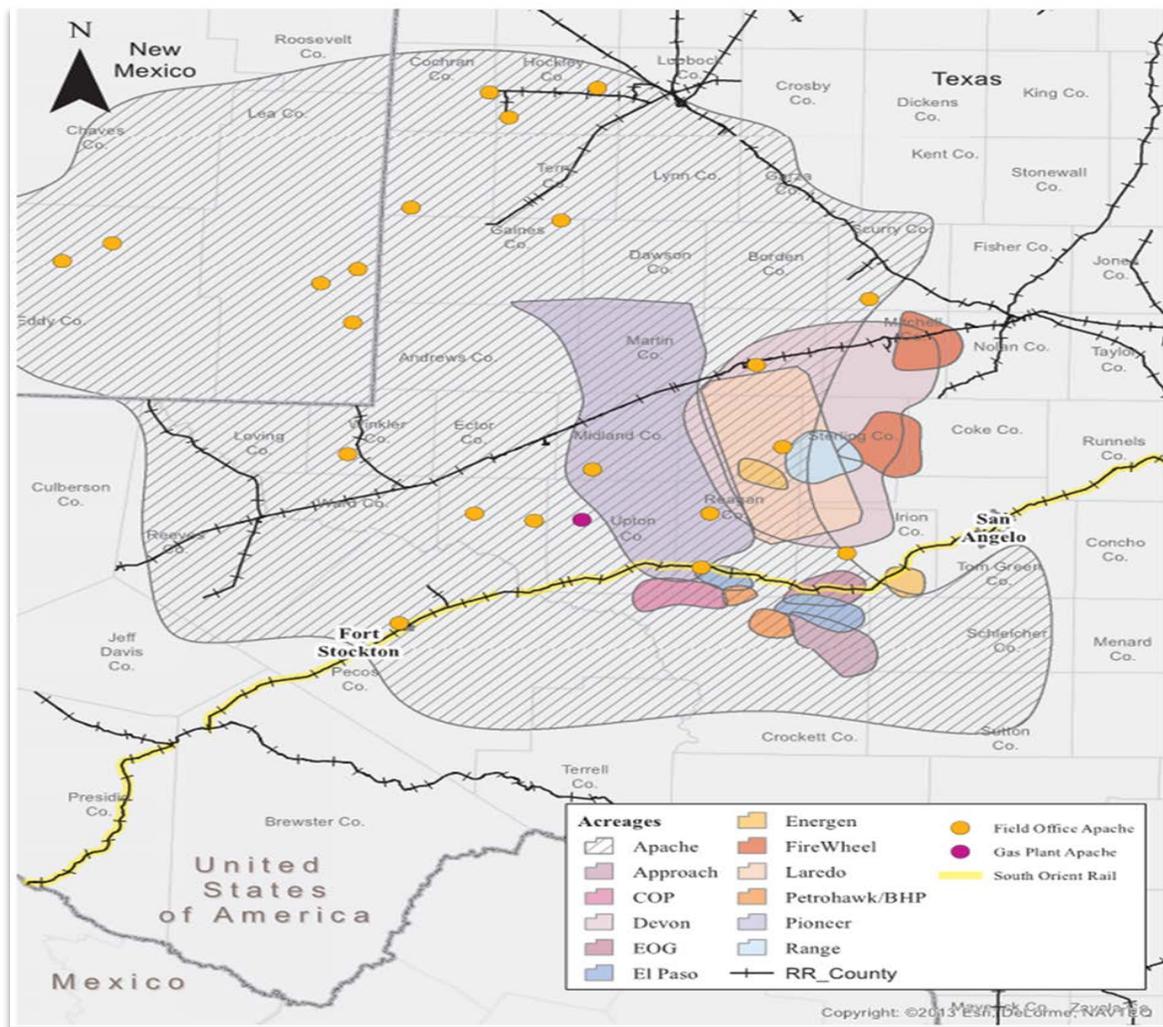
Horizontal Fracking Diagram



The SORR traverses a large section of the Permian Basin and can provide rail transportation services to businesses in this region and in the project area. The Cline and Wolfcamp shale plays are part of the Permian Basin in west Texas. This area has recently become a huge interest for many of the biggest exploration companies. Some of the major players currently drilling in this area include Apache, Devon Energy, Pioneer Natural Resources, Range Resources, Laredo Petroleum, Firewheel Energy, EOG and Haliburton. Devon estimates that the Cline formation contains over 30 billion barrels of recoverable oil meaning it could contain more than three times the recoverable oil in the Eagle Ford play, located in south Texas. The Eagle Ford play ranks as the largest oil and gas development in the world based on capital invested. Oil and gas companies are expected to spend between \$23 billion and \$30 billion in the Eagle Ford play in 2014.

The oil and gas company investment in the South Orient region through acreage ownership is shown in Figure 1-5. Based on the reports of these companies, they have just begun to realize the resource potential in this area.

Figure 1-5: Acreages in the Permian Basin in Relation to the SORR



Hydraulic fracturing and horizontal drilling techniques in shale plays are making oil production much more accessible and economically viable than they have been in the past. These oil recovery techniques require ‘frac sand’ which can be transported by rail or truck. There is a new transload facility (see Figure 1-6) open in Fort Stockton on the SORR.

This transload facility allows ‘frac sand’ to be transported from rail cars onto trucks. Upgrading the SORR from Sulphur Junction to Fort Stockton will increase the travel speed and weight bearing capacity for ‘frac sand’ transportation by rail. This will ensure that rail transport is more economically desirable than trucking resulting in a reduction in highway infrastructure degradation and greenhouse gas emissions. This will also foster economic growth in the Cline shale and Wolfcamp shale areas that are serviced by the SORR.

Sand trans-loading facilities located in Fort Stockton in 2009 have resulted in the increase of rail traffic from 17 carloads in 2009 to 1,534 in 2013. Two new developments are being

constructed at Sulphur Junction and Fort Stockton respectively. These trans-load facilities are expected to start receiving frac sand by summer of 2014 and ramp-up to full capacity over the next 3 years. The Sulphur Junction facility is anticipated to receive 300-450 carloads of sand per month, while the Fort Stockton facility is expected to receive 375-500 carloads per month.

Figure 1-6: Fort Stockton Frac Sand Transload Facility



Frac Sand

A key input to well production using hydraulic fracturing is 'frac sand'. Each new well development requires the equivalent of 15-30 train car loads of frac sand. It is estimated that in the US, energy companies are expected to use more than 56 billion pounds of sand this year. Efficient and cost effective access to supplies of frac sand are critical to the success of crude production activities. The frac sand originates from sites that are long distances away and therefore is most efficiently transported by rail.

Section 1.3: Detailed Project Description

This 13.6 mile proposed project on the SORR is currently constructed of 70 lb. rail supported by a mixture of “good to poor” condition cross ties, many of which were installed in the 1930’s to 1950’s. The rail is severely worn in many locations and the underlying defective tie conditions allow significant vertical deflection of the track as well as gauge deviations when under load. This necessitates the current low operating speed of 10 mph to mitigate damage to trains, further damage to the track structure, and potential derailments (Figure 1-7).

The 70 lb. rail was manufactured in 1912 and is subject to rapid development of defects under today’s loading, including accelerated wear, cracking, breaking, and other failures. These systemic failures and the rapid nature of their development result in significant safety issues as the failures can occur at any location with little or no warning and can have severe consequences.

The 70 lb. rail will be replaced with 136 lb. standard strength continuously welded rail (CWR). The poor condition track crossties will be replaced with new hardwood grade 5 crossties at 19.5” center spacing. The project will also replace the tie plates, track spikes, weld the joints, install compromise joint bars between the CWR and the project ends, and replace track bolts, rail anchors, and ballast. The track alignment and profile will be surfaced so that the deviation from horizontal alignment, profile grade, and cross level does not exceed $\frac{3}{4}$ ” per 62 ft. cord. The track shall be constructed to 56.5” gauge.

There are 4 at-grade highway-rail crossings within the project limits that will be reconstructed; 2 with timber surfaces and 2 with precast concrete panels (located within the city of Fort Stockton). These crossings will be reconstructed in accordance with the appropriate AREMA standards. The major material quantities and costs are shown in Table 1-2 below.

Figure 1-7: Deteriorated SORR Track



Table 1-2: Project Materials, Quantities, Costs

Major Material Item	Unit	Unit Cost	Quantity	Total
136# Rail	Linear Foot	\$82	143,616	\$11,721,938
Crossties	Each	\$57	10,000	\$570,000
Ballast	Ton	\$54	11,000	\$594,000
Surfacing & Regulating	Mile	\$7,000	13.6	\$95,200
Timber Grade Crossings	Track Foot	\$800	72	\$57,600
Concrete Grade Crossings	Track Foot	\$1,000	120	\$120,000
Turnouts Complete	Each	\$26,000	6	\$156,000
Subtotal				\$13,314,738
Engineering & Contingencies	7%			\$932,032
Mobilization	8%			\$1,065,179
Total				\$15,311,949

All on-track equipment used in connection with the project shall comply with FRA regulations contained in 49 CFR 214 Subpart D, Roadway Maintenance Machine Safety.

Section 1.4: Estimated Budget

The estimated cost of the project is \$15.3 million. If the successful bid comes in under the estimated budget, the project limits will be extended westward to provide additional rehabilitation toward the goal of improving the entire route. The major budget items are listed above in Table 1-2.

Table 1-3: Project Timeline

Task	Completion Date
FRA Categorical Exclusion Approved	November 1, 2014
Mobilization, Materials Acquisition	March 1, 2015
Construction	May 1, 2015
Final Inspection & Acceptance	July 1, 2016

The project time line is shown in Table 1-3. A more detailed Project Schedule is presented in Figure 4-3 of this application (page 23).

Section 1.5: Expected Users

Once completed, this project will be utilized by TXPF, its existing freight rail customers, future customers attracted by the resource development in the area and also the traveling public using the roadway-rail crossings. This project will have a significant impact at a regional level

in terms of reduced transportation prices in the Permian Basin and potential for providing increased shipments of grain, automobile parts and other commodities.³

Section 2: Project Parties

The SORR is owned by TxDOT on behalf of the state of Texas. TxDOT has a workforce of more than 12,000 employees and is headquartered in Austin, Texas. Four regional support centers provide operational and project delivery support for the agency's 25 geographical districts located around the state. TxDOT has vast experience managing federal and state infrastructure projects including successfully completing many rail rehabilitation and construction projects. TxDOT is a cooperating agency with FRA and is currently managing significant federally funded rail projects such as the \$15 million Dallas to Houston High Speed Rail Preliminary Engineering & NEPA project, the \$101 million Tower 55 Multimodal Improvement Project, and the \$7 million Texas to Oklahoma Passenger Rail Study. TxDOT is also working with FRA to take a more active role in administering the Railroad Relocation & Improvement Funding program and will be a cooperating lead agency in those efforts. TxDOT's experienced Rail Division staff will provide effective and efficient oversight and management of this grant.

TxDOT has leased operations on the SORR line to Texas Pacific Transportation Company (TXPF) Ltd. and under the terms of the agreement, TxDOT became the permanent owner of the right-of-way and infrastructure, and TXPF obtained a 40-year operating lease with renewal options. TxDOT and TXPF have invested over \$26.5 million in track rehabilitation to the east of Sulphur Junction in order to keep the line operable and upgraded those sections to 25 mph. TxDOT has completed the rehabilitation of the line from San Angelo east toward Coleman through several rehabilitation projects which began in the fall of 2009. The projects include:

- 84,197 ties cross ties replaced
- 965 switch ties replaced
- 52,751 feet of rail replaced
- 69,290 tons of ballast installed
- 119 grade xings reconstructed
- 3 bridge replacements
- Repairs to 29 additional bridges
- 8 grade xing signals upgraded
- Repairs to 35 switches
- Interchange at San Angelo Jct

These projects were completed by a combination of federal ARRA (stimulus) funds, FRA grants, State, TXPF, and City of San Angelo contributions. These projects have enabled 25

³ Potential Economic Impacts of an Improved South Orient Railroad. TxDOT. December 30, 2007.

mph speeds from San Angelo Junction (near Coleman) to Sulphur Junction (11 miles east of Fort Stockton) and included an additional, mile-long interchange track at San Angelo Junction.

The ownership of the line by TxDOT, the lease to TXPF, and their joint efforts to rehabilitate the line make this a true public-private partnership. TIGER VI funds will enable a key segment of the SORR to reach certain operating parameters necessary to enable large volume increases to Fort Stockton. This volume (and associated earnings) will further enable the partners to invest in future improvements eventually reaching a full rehabilitation of the SORR to the Mexico border.

Section 3: Grant Funds and Sources / Uses of Project Funds

TxDOT is prohibited by state statute from using fuel-tax revenues for non-highway projects. This severely restricts the funds available for rail projects as this is TxDOT’s primary source of revenue. TxDOT and TXPF have used all resources allocated to complete the rehabilitation of the line from San Angelo Junction to Sulphur Junction and do not have adequate rehabilitation funds remaining for the proposed project. All remaining allocated TxDOT and TXPF rehabilitation funding will be used for matching the TIGER grant if this application receives a TIGER award. The Fort Stockton Economic Development Corporation is also contributing \$200,000 to this project if it is selected for grant funding.

The cost of developing plans, specifications, estimates, and environmental clearances for the project has been absorbed by TxDOT. The actual construction and project management costs would be funded by a 3.3% contribution in state funds from TxDOT, 1.3% in funds from Fort Stockton Economic Development Corporation, 49.2% in private contributions from TXPF, and 46.3% in TIGER VI grant funds. Any cost overruns would be paid by TXPF. The funding sources are shown in Table 3-1 and the uses of the funds are shown in Table 3-2.

Table 3-1: Project Funding Sources, 2013\$ millions

Funding Source	Participation	Total
TxDOT	3.3%	\$0.50
Fort Stockton Economic Development Corp.	1.3%	\$0.20
TXPF	49.2%	\$7.5
TIGER	46.3%	\$7.1
TOTAL	100%	\$15.3

Section 4: Selection Criteria

Section 4.1: Long-Term Outcomes

State of Good Repair

The rehabilitation of the line using TIGER grant funds will improve the condition of an existing rail transportation system and minimize life-cycle costs by bringing the SORR into a state of good repair and maintaining it in that condition beyond the expected lifespan of the materials used in the rehabilitation project. The line will remain in the rehabilitated condition because TXPF is contractually obligated to maintain any segment of the SORR that is rehabilitated by TxDOT in the same or better condition as when the project is completed. TXPF's contractual obligations have eliminated any future maintenance or rehabilitation requirements by the state for track infrastructure or the local communities for grade crossing surface conditions.

According to the Association of American Railroads (AAR), the average train speed of the Class 1 railroads is between 23 and 25 mph. The scope of work for this project (Build) and associated funding levels are appropriate for improving track speed within the project limits to 25 mph. This will result in an efficient, effective, and safe rail service in the region, and provide for an ongoing state of good repair. This level of investment is adequate for existing and projected needs without "over investment" in unnecessary higher speeds.

If this segment of the SORR becomes inoperable (No Build), there would be an immediate and dramatic increase in large trucks on the local, regional, state, and national roadways as the existing shippers would be forced to divert their rail freight to roadways. The diversion of this freight from rail to truck would add over 27.4 million truck miles to the region's roadways over the 20 year period. An avoidance of heavy trucks on the highway system reduces highway maintenance costs and in particular pavement re-surfacing and maintenance costs. Over the study period, over \$15.6 million in highway maintenance costs are avoided (2013\$, 7% discount rate).

Economic Competitiveness

The expenditure of \$15.3 million for freight rail infrastructure rehabilitation in the region will result in over \$22.8 million in economic value added⁴ and 292 job years for this region.

⁴ Economic value added represents total business sales (output) minus the cost of purchasing intermediate products and is roughly equivalent to gross regional/domestic product. 2013\$.

The project will improve the long-term efficiency, reliability, and cost-competitiveness of freight movements to and from this region by providing a safe, efficient, and truck-competitive rail line with national linkages. The rehabilitated SORR will increase the efficiency and effectiveness of the existing multi-modal transportation system as a whole by enabling increased freight rail volumes to the Fort Stockton region, where it can be trans-loaded to truck for delivery to local destinations.

The long-term efficiency, reliability, and cost-competitiveness of moving freight by rail into the region can be exemplified by the fact that the freight moved to Fort Stockton has risen from 144 car loads in 2007 to over 1,500 car loads in 2013. The SORR is near capacity between Sulphur Junction and Fort Stockton due to the substandard infrastructure which restricts the efficient movement of rail freight in the Permian Basin, one of the nation's largest petroleum and natural gas production regions. If the project is not completed, this freight will eventually divert to trucks and result in reduced efficiency, reliability, and cost-competitiveness for the transportation system and the region.

In particular, transportation shipping cost savings from avoiding heavy truck travel (in favor of rail) amount to roughly \$20.5 million over the study period (2013\$, 7% discount rate). However, since truck shipping times are lower than train, an inventory cost of roughly -\$11 thousand is incurred over the study period, a negative impact (2013\$, 7% discounted).

Texas Trade and National Economic Competitiveness



Texas is the U.S. state that trades most with its southern neighbor. It is uniquely positioned to take advantage of trade with Mexico because the two share a 1,200-mile border. As a result, Texas and Mexico are able to exchange a significant portion of their goods (about 80%, according to the Texas Department of Transportation) via relatively inexpensive surface modes such as rail.

Of the US\$216 billion of goods that the U.S. exported to Mexico in 2012, nearly US\$95 billion were produced in Texas (according to the U.S. Census Bureau), which accounted for approximately 36% of the state's total exports. In fact, the state's growing exports to both Mexico and Canada have greatly contributed to making it the largest exporting state in the U.S., with \$265 billion (approximately 17.1% of total U.S. exports) in 2012. According to Bureau of Transportation Statistics, Texas-Mexico trade is almost \$195 billion and is about 39.4% of total U.S.-Mexico trade. An improved South Orient Railroad would be very well positioned to facilitate such cross-border trade.

The rehabilitation of the line will allow these movements to continue by rail while effectively reducing the time spent operating trains in this area by more than half.⁵

The Fort Stockton road system includes Interstate 10, U.S. Highways 67, 285, and 385, State Highway 18, and other regional and local roads such as FMs 1053 and 1776. These roadways provide an extensive distribution system for rail freight that is being shipped to the region and trans-loaded at Fort Stockton.

The AAR has determined that a freight train (on average) can carry one ton of cargo a distance of 480 miles on a single gallon of fuel being some four times more fuel efficient than trucks per ton-mile.⁶ This high level of efficiency reduces the nation's dependence on foreign oil and helps shrink its carbon footprint.

Quality of Life

Figure 4-1: Grade Crossing Before and After Rehabilitation



The rehabilitation of the SORR will benefit the livability of the region and have a positive impact on community life by reducing truck traffic on the region's roadways, thereby improving vehicular mobility and also safety at roadway-rail grade crossings. Four at-grade crossings that have deteriorated crossing surfaces and track structure will be reconstructed during the project. A typical crossing surface that will be reconstructed is shown in the before and after photos in Figure 4-1. The project will enhance points of modal connectivity by rehabilitating a deteriorating transportation asset and increasing the amount and types of freight that can move over this section of the SORR, which connects to an extensive highway system. The project will also enhance energy-related and support services, providing ladders of opportunity through economic development efforts, bringing additional jobs and businesses to the area as a result of an improved regional freight rail transportation system that connects to two Class 1

⁵ Increasing train speeds from 10 mph to 25 mph reduces the operating times by more than half.

⁶ See ASSOCIATION OF AMERICAN RAILROADS, ENVIRONMENT,

<http://www.aar.org/~media/aar/backgroundpapers/railroadsgreenfromthestart.ashx>

railroads (BNSF at San Angelo Junction and Union Pacific at Alpine).

The SORR operates through eleven counties in West Texas: Brewster, Coleman, Crane, Crockett, Irion, Pecos, Presidio, Reagan, Runnels, Tom Green, and Upton. For the purposes of this application the funding will be used for infrastructure rehabilitation in Pecos County.

The counties near the project area cover two of the Workforce Development Areas (WDA) established by the Texas Workforce

Commission. Crockett, Irion, Reagan, and Tom Green Counties fall in the Concho Valley WDA; while Crane, Pecos, and Upton Counties fall in the Permian Basin WDA. Aside from Tom Green County, all but one of these counties have small populations with attrition occurring over the past twenty years. Most of these counties are largely minority communities and earn less than the median average income that is seen in many other Texas regions.

It is estimated that the project will create 292 job years over a period of 15 months, and approximately \$16.4 million in labor income. It will also provide for the retention of 144 jobs at the existing unloading facilities in Fort Stockton and the creation additional jobs as similar trans-loading facilities are opened in the area this year. The project will also foster the creation of additional jobs at the trans-loading sites currently under development which may double the number of such jobs in Fort Stockton. The Fort Stockton Economic Development Corporation is also actively pursuing other business opportunities that could result in rail-dependent manufacturing facilities locating in or near the city.

The rehabilitation of the SORR will enhance the livability of the region and nation by the continued and increased diversion of freight from the roadways to rail, reducing on-road congestion. Congestion savings over the study period amount to nearly \$1.3 million (2013\$, 7% discounted). The project is part of a regionally focused effort to improve rail service on the SORR. It has broad, regional support from the eleven counties that the line passes through and the communities and citizens in those locations. The project also has the support of the connecting railroads, as well as state officials from other regions. The project includes a potential NAFTA trade corridor through the connections with Ferromex at Presidio.

The SORR Rehabilitation will create:

- *292 job years over 15 months*
- *\$16.4 million in labor income*
- *\$22.8 million in value added to the economy*



Environmental Sustainability

The SORR Rehabilitation will reduce greenhouse gas emissions from heavy trucks by over 207,871 tons over 20 years.



The rehabilitation of the SORR from Sulphur Junction to Fort Stockton will improve energy efficiency by increasing capacity on the line, reducing dependence on foreign oil by transporting freight in the most energy efficient manner, and reducing greenhouse gas emissions by over 207,871 tons over 20 years. The project will enable the existing shippers to continue using rail transportation and encourage the diversion of freight from roads to rail.

The project will also support the on-going development of new energy industries in west Texas that will have multiple benefits for many generations from air quality improvements, sustainability, economic growth, and reductions in the use of greenhouse gas hydrocarbons. Emissions impacts were determined in accordance with the TIGER Benefit-Cost Analysis Resource Guide. The methodology was used to determine the emissions impacts from the

diversion of existing and projected freight from rail to trucks. The analysis determined that the 7% discounted cost savings of avoided emissions (NO_x, CO₂, VOC and PM) was \$21.1 million over a 20 year period. The rehabilitation of the SORR from Sulphur Junction to Fort Stockton would prevent the diversion of this freight from rail to roadway, therefore providing this emission cost as a benefit due to avoided emissions.

This shows that there are substantial transportation-related costs related to energy consumption and emissions. If the SORR is not rehabilitated, those costs and emissions would increase dramatically as a result of the diversion of freight from rail to roads and would cause adverse effects to the environment.

Safety

The rehabilitation of the SORR will provide safety improvements for the traveling public as well as the operating railroad by diverting freight from road to rail, increasing rail movements of hazardous materials, and improving roadway-rail grade crossing surfaces.

Diverting freight from road to rail will result in fewer trucks on the road system with a consequent increase in safety⁷. This is due to both lower traffic volumes resulting in fewer collisions and fewer trucks resulting in less serious collisions. The avoided truck use (in favor of rail) results in accident (fatality and injury) cost savings of nearly \$1.7 million over the study period.

Rail is the safest way to transport hazardous materials, with 99.99% of shipments arriving at their destination safely. A major oil and natural gas distributor has recently constructed over 22,000 feet of new track in the area which will be used for outbound loading of crude oil. It is essential that the SORR rehabilitation be completed from Sulphur Junction to Fort Stockton in order to support developments like these and to prevent this freight from being diverted to trucks. The rehabilitation of the SORR would allow the transportation of these materials by the safest method available.

The project area includes 4 roadway-rail at-grade crossings which are not in good condition. These crossings have substandard rail with deteriorated ties, subgrade and drainage. This causes the track to pump under load, resulting in the possibility of derailments and vehicular accidents. These crossings present a hazard to vehicular traffic, which is susceptible to damage from the rough condition of the crossing surface. The scope of the project includes removing the existing crossings, reconstructing the subgrade and track with new materials and replacing the crossing with new surfaces.

Project Readiness

The project is ready to proceed rapidly upon receipt of a TIGER grant. TxDOT has completed the project development process for the project and the track rehabilitation plans and specifications for the project are complete. The project is in the State Transportation Improvement Plan (STIP) and the project schedule is only dependent upon the timing of the TIGER grant award. The project is “shovel ready” and could go to letting and construction quickly after all agreements are finalized and the grant is approved. If the TIGER grant is approved for \$7,084,565 as requested and the agreement is finalized by the end of November 2014, the project would be completed within 15 months of letting.

⁷ Fatality and injury rates per mile of freight carried by truck are greater than the fatality and injury rates for an equal volume of cargo when shipped by rail

Technical Feasibility

This project consists of rail, tie and crossing replacement, ballast addition, and associated track alignment and profile surfacing work on 13.6 miles of track in existing right-of-way. The design criteria for this project meet applicable AREMA standards. The project components included in the plans are:

1. Replace 13.6 miles of 70 lb. rail with 136 lb. rail
2. Replace 10,000 crossties
3. Install 11,000 tons of ballast
4. Surface 13.6 miles of track
5. Replace 6 - 70# turnouts with 115# turnouts
6. Reconstruct 4 roadway-rail crossings

Significant components of the work will be performed using on-track equipment which minimizes the effect on the environment. The only excavation of soils will be at the crossing replacement locations and will be of minimal depth to remove the existing crossing, re-profile the base, and reconstruct the crossing. The total length of all crossings combined is 192 track feet, with an estimated maximum construction width of 12 feet.

TxDOT has an effective asset management approach (see illustration in Figure 4-2) that optimizes the long-term cost structure and ensures relevant standards are met. This includes:

- Direct supervision of contractors during construction activities,
- Random inspections of SORR infrastructure and TXPF maintenance practices,
- Mandatory monthly maintenance and operating reports from TXPF,
- A Joint Operations and Marketing Committee that meets annually, and
- TXPF is contractually obligated to maintain any segment of the SORR that is rehabilitated by TxDOT in the same or better condition as when the project is completed.

Figure 4-2: TxDOT Asset Management



The facility's current condition and performance and the projected condition and performance can be established and measured by the following quantifiable metrics:

1. Track Construction

Current: The current condition of the existing track from Sulphur Junction through and beyond Fort Stockton is substandard 70# rail on crossties that are generally in fair to bad condition. This segment is operated as Class 1 Track (10 mph), which inhibits the capacity of the line.

Projected: The project will improve the facilities' condition by the replacement of the 70 lb. substandard rail and defective crossties with 136 lb. CWR, new crossties, and ballast.

2. Track Conditions

Current: The current tie conditions cause alignment and profile deviations which result in the track being restricted to 10 mph.

Projected: The project will replace the defective ties, install ballast as necessary, and address alignment and profile deviations to raise the Class 1 (10 mph) to Class 2 (25 mph). The infrastructure will be maintained at that classification in perpetuity in accordance with TXPF's contractual maintenance obligations.

3. Continuation of Service

Current: The existing infrastructure is deteriorating and is expected to become inoperable within the next 5 to 10 years. This would cause the cessation of service to shippers located on this segment of the line. Although attempts could be made to maintain the existing track infrastructure, this would be a difficult, expensive and ultimately unsuccessful strategy. The existing 70 lb. rail and associated trackwork has deteriorated along the entire length of the project and sudden failures could occur at any location with little or no warning. It is not feasible to identify sections of track that are more susceptible to failure as the entire track is of a similar age and condition and trackwork at any location could fail. Also, as all elements of the track infrastructure require rehabilitation, localized maintenance would be almost as expensive as upgrading to 136 lb. rail over the length of reconstructed track. This would also be much more expensive per linear foot than rehabilitating the full length of the proposed project. For these reasons maintenance expenditure will become increasingly high until it is no longer cost effective.

Projected: The project will provide for the rehabilitation of this segment of the line and the continuation of service in accordance with TXPF's contractual maintenance obligations.

Financial Feasibility

Cost estimates were determined using averaged unit costs for similar rehabilitation projects (2009 – 2011) and direct contact with vendors to identify variations in materials cost. The project would be appropriately capitalized up-front via a public-private partnership involving the federal government, TxDOT, the Fort Stockton Economic Development Corporation, and TXPF.

Project Schedule

The track rehabilitation was environmentally cleared by the State in 2009. TxDOT has included a FRA Categorical Exclusion checklist for submittal with this application (See Appendix A). The engineering, social, economic, and environmental studies conducted thus far indicate that no significant environmental effects would occur; therefore, the proposed project qualifies as a Categorical Exclusion. In addition, the proposed action has no significant impacts as described in 23CFR771.117 (a) and (b).

The construction period will be 13 months, beginning March 1, 2015 and ending July 1, 2016. Milestones will be considered as the completion of all items of work between designated mileposts. The proposed project schedule is shown in Figure 4-3.

Figure 4-3: Project Schedule

Major Activity	2014												2015												2016					
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J		
TIGER Application	■																													
TIGER Award					■																									
Grant Agreement Activities					■	■	■	■	■																					
FRA Categorical Exclusion Approval					■	■	■	■																						
Pre-bid, Preconstruction Activities							■	■	■	■	■																			
Letting											■																			
Materials Acquisition												■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Mobilization													■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Tie Replacement													■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Rail Replacement													■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Turnout Construction																						■	■	■	■	■	■	■		
Ballast Delivery														■	■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Surfacing & Regulating														■	■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Grade Crossing Upgrades															■	■	■	■	■	■	■	■	■	■	■	■	■	■		
Final Inspection, Close Out																											■	■		

Assessment of Project Risks and Mitigation Strategies

A key factor in the success of this proposed project is the identification, assessment, mitigation, and subsequent management of risks. The project partners recognize the need to take a proactive approach in the management of project risks and will develop a Risk Management Plan that follows a continuous risk management process. The risk management process consists of five (5) phases which are to Identify, Analyze, Respond, Track, and Control project risks. The process allows the project partners to assess the identified risks, determine the probability and impacts of identified risks, develop mitigating strategies, develop contingency plans, implement strategies and plans, and monitor risk status. A risk list will be used for tracking risks throughout the project.

It is essential that the risk management process be realistic and viable without becoming unmanageable as a result of detailing each individual material item or work activity as a potential risk. The risks associated with the project have therefore been divided into four major categories as shown in Table 4-1 below. The Project Manager and Project Inspectors will be responsible for direct oversight of the project and the ongoing risk identification process. Once identified, risks will be categorized and analysed to determine the probability and impact of occurrence and ranked according to severity. Following this activity, the risk list will be updated and monitoring/management of the individual risks assigned. Table 4-1 shows the risk categories and risks that have been identified during the project development process.

Table 4-1: Preliminary Risk Assessment

Risk Category	Identified Risk	Mitigation Strategy
Scope	<i>None currently</i>	N/A
Schedule	FRA Categorical Exclusion Approval	Bi-weekly status check
Budget	Cost changes before letting	TXPF to absorb all overages
Safety	<i>None currently</i>	N/A

Section 4.2: Innovation

Although there are no definitive technological benefits from this project as described in the NOFA, TxDOT has used innovative concepts and procedures in the rehabilitation and maintenance of the line by securing additional funds from TXPF (of at least 25%) for each project using state or federal funds. The lease agreement has also been amended and requires TXPF to maintain each segment of the line in the same (or better) condition as it is when a TxDOT project is completed. This contractual requirement ensures that the funds invested by TxDOT provide a long-term benefit by maintaining the line on an ongoing basis.

Section 4.3: Partnership

Jurisdictional and Stakeholder Collaboration

TxDOT's ownership of the SORR and the lease agreement with TXPF constitute a true public-private partnership to provide essential transportation services to a large region in west Texas. TxDOT and TXPF have invested over \$25.6 million in addressing critical deficiencies to keep the line operational and increase speeds in those sections to 25 mph as part of the overall plan of rehabilitating the entire line from east to west. It is estimated that rehabilitating the project area to 25 mph speeds will require a \$5,000 per mile annual maintenance program to keep the line in good condition. TXPF will be wholly responsible for that maintenance program.

The rehabilitation of the SORR is also part of a broader state and local partnership for economic development in the region. The project has letters of support from:

- ✓ Fort Stockton Economic Development Corporation
- ✓ BNSF Railway
- ✓ Fort Worth & Western Railroad
- ✓ Congressman Pete P. Gallego
- ✓ Congressman K. Michael Conaway
- ✓ Representative Drew Darby
- ✓ Representative Poncho Nevarez
- ✓ Senator Carlos Uresti
- ✓ Brewster County Commissioners Court
- ✓ Pecos County Judge
- ✓ Presidio County Judge

The letters of support are provided in Appendix C. Additional letters of support will be forthcoming and will be provided to DOT upon receipt.

Disciplinary Integration

All aspects of this project have been fully discussed with both the operators of the rail facility and the funders of the rail rehabilitation project. All engineering disciplines involved in the design and cost estimating of the project have fully integrated their work to ensure that the project will advance smoothly and seamlessly.

Section 4.4: Results of Benefit-Cost Analysis

The benefits attributable to this project have been identified and quantified over a 20 year period. These benefits have been monetized in order to determine their present value in monetary terms and also as a ratio of benefits to costs associated with the project.

The major public benefit categories and the present value of monetized benefits causal to this project are shown in Table 4-2 below. The monetized values are given in 2013 dollars discounted at 7% in accordance with TIGER grant funding requirements⁸.

Table 4-2: Economic Benefits of Project, 2013\$ millions

Long Term Outcomes	Type of Impacts	Population Affected by Impacts	Summary of Results (\$2013, 7% Discounted)
State of Good Repair	Reduced Highway Maintenance Costs from truck diversion to rail.	Federal and State (Texas) Governments	\$15.6
Economic Competitiveness	Reduced Transportation Costs from truck diversion to rail.	Shippers and Receivers	\$20.5
	Short-Term Economic Impacts from construction/planning expenditure.*	Regional Citizens and Businesses	<i>Not Monetized</i>
	Change in Inventory Costs from truck diversion to rail.	Shippers and Receivers	-\$0.01
Livability	Reduction in Highway Congestion from truck diversion to rail	On Road Motorists Between Fort Stockton and Odessa, Texas.	\$1.3
Environmental Sustainability	Reduced Emissions from truck diversion to rail.	Regional Citizens and Businesses	\$21.1
Safety	Reduced Accident Costs from truck diversion to rail.	Motorists/Railway Travelers Between Fort Stockton and Odessa, Texas.	\$1.7

* Short-Term Economic Impacts from construction/planning expenditure are not included in the benefit-cost analysis and are only included for informational purposes in the Economic Impact Analysis.

Prepared by HDR

The table above also demonstrates how these identified benefits relate to the desired long-term outcomes for projects applying for TIGER grant funding. It can be seen that all the long-term outcomes are significantly improved by the construction of this project. Details of the methodology and assumptions used in the estimation of these benefits are provided in the Benefit-Cost analysis in Appendix D. Appendix D also includes annual demand projections, and annual breakdowns of the benefits.

The Table 4-3 includes a summary of the key metrics of the Benefit-Cost Analysis.

⁸ Values are discounted to the base year 2014.

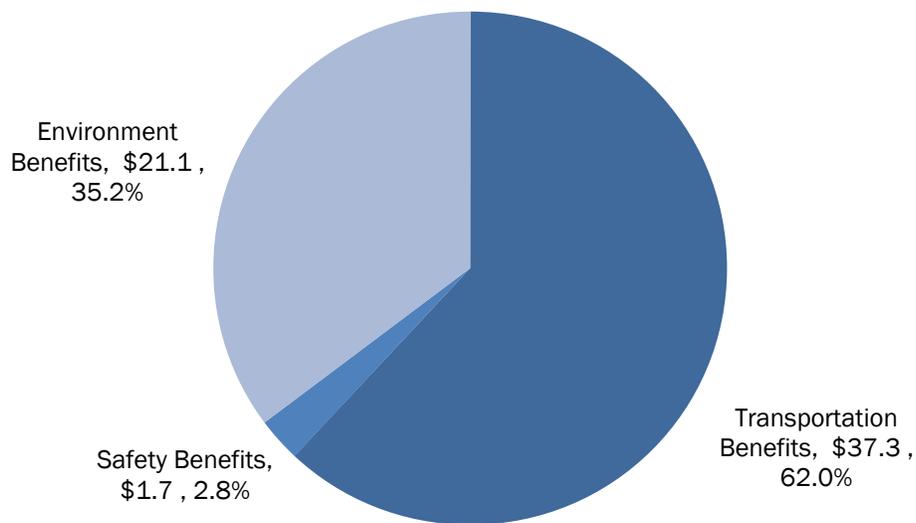
Table 4-3: Summary Metrics Over the Study Period, 2013\$ millions

Project Evaluation Metric	7% Discount Rate	3% Discount Rate
Total Discounted Benefits	\$60.1	\$98.6
Total Discounted Costs*	\$14.6	\$15.4
Net Present Value	\$45.6	\$83.2
Benefit / Cost Ratio	4.13	6.40
Internal Rate of Return (%)	24.1%	
Payback Period (years)	5.0	

*Includes incremental O&M and capital/construction costs prepared by HDR

The overall results of the Benefit-Cost analysis across the 20-year impact period are: total discounted benefits of \$60.1 million, and total discounted costs of \$14.6 million; yielding a Benefit Cost Ratio of 4.13 to 1 and a Net Present Value of \$45.6 million⁹. The project will also create 292 job years over the 15 month development and construction phase. For robustness, a sensitivity analysis was analyzed; see the section “BCA Sensitivity Analysis” in Appendix D. In all cases, the project B/C ratio remained greater than 1. The breakdown and value of these benefits is demonstrated in Figure 4-3.¹⁰

*Figure 4-3: Present Value of Benefits by Category
Millions of 2013\$ (20 Years), 7% Discount Rate*



⁹ Values are in 2013\$, Discounted at 7% to a base year of 2014.

¹⁰ Transportation Benefits include: Reduced Highway maintenance costs; Reduced transportation shipping costs; Reduced highway congestion costs; and Change in inventory costs.

Section 4.5: Environmental Reviews and Approvals

The project site is located in the Trans Pecos Natural Region of Texas. The project is entirely located in Pecos County. The project area itself is primarily rural and contains vegetation associated with small ephemeral creeks and rangeland. The land use adjacent to the rail line in Pecos County consists almost entirely of ranching, but passes through the town of Fort Stockton. Within Fort Stockton the land use adjacent to the tracks is associated with farming, ranching, and manufacturing.

NEPA

To meet the NEPA requirements, TxDOT completed an FRA Categorical Exclusion checklist, and it is included for submittal with this application (See Appendix A). This FRA Categorical Exclusion is the only approval needed for this project.

The conclusion of the State Environmental investigation (See Appendix B) was that the engineering, social, economic, and environmental studies conducted thus far indicate that no significant environmental effects would occur; therefore, the proposed project qualifies as a Categorical Exclusion. In addition, the proposed action has no significant impacts as described in 23CFR771.117 (a) and (b).

This investigation allowed the track rehabilitation to be environmentally cleared by the State in 2009.

Legislative Approvals

TxDOT leased operations on the SORR line to Texas Pacifico Transportation Company, Ltd. ("TXPF"). Under the terms of the agreement, TxDOT became the permanent owner of the right-of-way and infrastructure, and TXPF obtained a 40-year operating lease with renewal options.

There is significant political support from Congressman Pete Gallego, Congressman K. Michael Conaway, Representative Drew Darby, Representative Poncho Nevarez, Senator Carlos Uresti, Judge Joe Shuster (Pecos County), Judge Kathy Killingsworth (Brewster County), and Judge Paul Hunt (Presidio County), all of whom have provided letters of support for this project. Congressman Gallego was instrumental in the preservation of the SORR when he was a state representative and has been a strong advocate for rehabilitating the infrastructure, as have Congressman Conaway, Representative Darby, Representative Nevarez, and Senator Uresti. This project has broad support across the political spectrum as well as from regional and private sector interests.

State and Local Planning

The project is in the State Transportation Improvement Plan¹¹ (STIP) and the project schedule is dependent upon the timing of the TIGER grant award.

Section 4.6: Federal Wage Rate Certification

TxDOT follows federal wage rate requirements and the federal wage rate certification is provided in Appendix E.

¹¹ April 3, 2009, STIP revision: ftp://ftp.dot.state.tx.us/pub/txdot-info/tpp/stip/rev/april3_09/highway/odessa_hwy_040309.pdf; Appendix F