Northern Aroostook Rail Gateway Modernization and Safety Project

FY25-26 Consolidated Rail Infrastructure and Safety Improvements Grant Program

U.S. Department of Transportation
Federal Railroad Administration
Funding Opportunity Number: FR-CRS-26-001
CFDA Number: 20.337

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

FY25-26 CONSOLIDATED RAIL INFRASTRUCTURE AND SAFETY IMPROVEMENTS "CRISI"

GRANT APPLICATION

Project Name:	**Northern Aroostook Rail Gateway Modernization and Safety**
Project Type:	Freight Rail
Project Location:	Northern Maine, Aroostook County, 2nd Congressional District
Funds Requested:	$37,040,000 – 80% of Total Project Cost
Other Federal Funds Matched:	$ 0 – 0% of Total Project Cost
Non-Federal Funds Matched:	$ 9,260,000 – 20% of Total Project Cost
Total Project Cost:	$46,300,000

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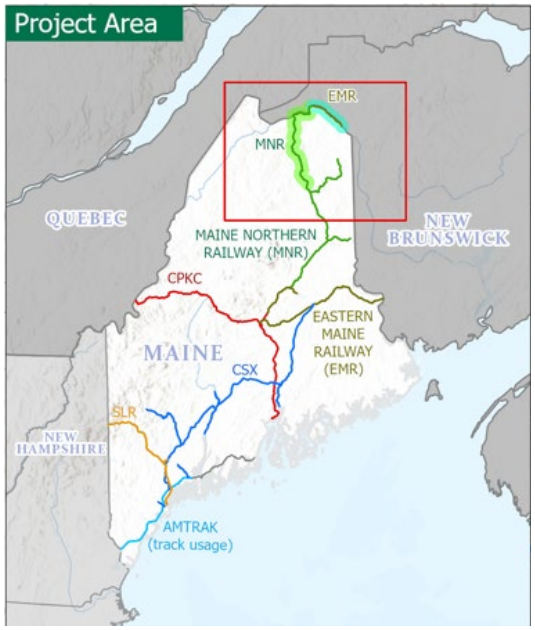
II. PROJECT SUMMARY

The **Maine Department of Transportation** (MaineDOT) is requesting $37,040,000 from the Federal Railroad Administration's *FY25-26 Consolidated Rail Infrastructure and Safety Improvements* (CRISI) grant program to fund Final Design and Construction activities for ***Northern Aroostook Rail Gateway Modernization and Safety*** (Project). The rural area Project consists of significantly improving more than 90 miles of railroad line on the Maine Northern Railway's Madawaska Subdivision and the Eastern Maine Railway's Van Buren Subdivision. Project components consist of replacing old and worn rail and crossties, adding new ballast along the right-of-way, and rehabilitating the deck of a railroad bridge. The rail lines, located in Aroostook County, Maine, provide the only link between the vast forest and farming regions of northern Maine and the broader North American rail network. The Project is the next step in continuing to improve the reliability and efficiency of the railroad and is needed to support the significant resurgence of the forest products industry in Maine — where rural roads would be unable to efficiently accommodate the volume of heavy trucks required if the rail system were inadequate.

III. GRANT FUNDS, SOURCES, AND USES OF PROJECT FUNDS

The total Project cost is $46,300,000. The Maine Department of Transportation (MaineDOT) is requesting $37,040,000 in CRISI program funding, 80 percent of the Total Project Cost. Rail line operators Maine Northern Railway (MNR) and Eastern Maine Railway are providing $9,260,000 in non-Federal match funding, through a public/private partnership with MaineDOT which is 20 percent of the Total Project Cost. MNR/EMR has the funds readily available, and MaineDOT has submitted a funding commitment letter to accompany the application. The funding request is for the Final Design/Construction lifecycle stage. Project Development is complete, and the Project is ready to proceed to Final Design/Construction immediately following FRA acceptance of the Categorical Exclusion designation and accompanying documentation. There are no sources of Federal funds currently allocated or committed to the Project; therefore, no previous or current Federal funding has been, or will be, proposed as match. MaineDOT is not requesting any Project components receive partial funding. No funds will be spent on Final Design or Construction prior to obligation of funding. There are no in-kind contributions associated with the Project MaineDOT is the sole applicant and MNR/EMR are the providers of match funding. MaineDOT is not requesting grant funding to purchase property. There is no funding that must be spent by a specific date. All CRISI funding will be spent in one congressional district: Maine's 2nd Congressional District, represented by Congressman Jared Golden (D).



MaineDOT will ensure all work is performed on time and within budget and that any unforeseen financial challenges are quickly resolved. MaineDOT has included contingency funding of 5 percent on materials in the budget to insulate the Project from any potential cost changes, supply-chain issues, or other unanticipated cost-related challenges.

Project Funding Table

Lifecycle Stage	Project Component/Task	CRISI Federal	Other Federal	Applicant Cost-Share	Other Federal Cost-Share	Total
N/A	Project Administration and Management	$	$	$	$	$
Systems Planning		$	$	$	$	$
		$	$	$	$	$
Project Planning		$	$	$	$	$
		$	$	$	$	$
Project Development		$	$	$	$	$
		$	$	$	$	$
Final Design		$	$	$	$	$
	(ROW if requested)	$	$	$	$	$
Construction	Madawaska Subdivision	$16,389,404	$	$4,097,351	$	$20,486,755
	Van Buren Subdivision	$18,798,596	$	$4,699,649	$	$23,498,245
	Contingency	$1,852,000	$	$463,000	$	$2,315,000
Total		**$37,040,000**	**$**	**$9,260,000**	**$**	**$46,300,000**

IV. APPLICANT ELIGIBILITY CRITERIA

The sole applicant for this funding request is MaineDOT, an eligible applicant under the FY25/26 CRISI program as a public agency of the state of Maine, responsible for managing and funding the transportation system statewide, including state-owned railroad right-of-way. MaineDOT also manages the state's relationship with transportation-related private entities. Employing approximately 1,800 people, the Department expends and disburses more than $675 million annually in Federal, state and local funding. MaineDOT owns the Maine Northern Railway's Madawaska Subdivision, where some of the work will take place, while the Eastern Maine Railway (EMR) owns the Van Buren Subdivision, where the remainder of the work will take place. These respective entities will own and control the completed Project components.

Awarding MaineDOT grant funding comes with very low risk. MaineDOT is an accomplished, experienced, and responsible recipient of previous successful FASTLANE, TIGER, INFRA, RAISE, BUILD, PIDP, and CRISI grant funding. MaineDOT has proven it can rapidly commence the work and complete the Project in advance of the desired completion date without risk. The FRA can rely on MaineDOT and the rail operators to fully fund its match commitment and the funds are readily available. The Project Implementation and Management section of the application outlines the relevant qualifications of key Project personnel. MaineDOT has been a reliable partner with FRA and USDOT for decades and FRA can continue to rely on the Department to initiate the Project immediately upon execution of the grant agreement.

NBM Railways (NBM) operates the MNR and owns and operates the EMR. It is a subsidiary of J.D. Irving Limited, a privately-held company and a subsidiary of parent company the Irving

Group of Companies. Irving is involved in many industries including forestry, forestry products, agriculture, food processing, transportation and shipbuilding. MNR/EMR and MaineDOT have a unique and strong partnership finding industrial transportation solutions to connect Maine's forest, farming, and manufacturing businesses to global trade routes. Both MNR and EMR have experience successfully executing Federally funded grant projects on its rail lines.

V. PROJECT ELIGIBILITY CRITERIA

The Project meets FRA's eligibility requirements for the CRISI program because Project components include *a rail line relocation or improvement project* and *a capital project to improve short-line or regional railroad infrastructure*. All funds will be spent in a rural area. The Project is eligible to receive selection preference because it includes the Final Design and Construction Lifecycle Stages as described in the FRA's *Railroad Capital Project Guidance* and the Project will improve short line railroad infrastructure and safety not addressed by other FRA grant programs.

VI. DETAILED PROJECT DESCRIPTION

Global competition in the forest products industry in the late 1990s and early 2000s decimated lumber and paper mills throughout Maine. Numerous mills closed, including those connected to rail in the northern part of the state. It took both innovation and renewed rail transportation to eventually turn things around. Technological advancements led to new wood-based products reaching new markets — new trim and siding products, forest-based chemicals, biodegradable materials, sustainable coatings, packaging made from pulp replacing plastic packaging and food containers, and biofuels ranging from home heating oil to jet fuel.

In the years between 2018 and 2025, growth in forest products and investment in railroads moved virtually in unison. During that time, MaineDOT and the railroads invested more than $50 million in the northern Maine rail system. For a group of rail lines that faced abandonment a little more than a decade earlier, the investment signaled renewed confidence in rail transportation for forest products customers, giving them the confidence to invest in their mills and plants. Those investments helped catapult Maine forest products to the market share it enjoys today. Between 2011 and 2022, for example, northern Maine railroads experienced substantial weekly carload increases — 250 percent on MNR (100 to 350 carloads/week) and 446 percent on EMR (211 to 1,153 carloads/week).

The railroad has proven it is willing to invest for growth and the forest products industry has proven the railroad investment worthwhile. The Project is the next logical step in modernizing the railroad to handle continued future growth. It consists of significantly upgrading mainline track to increase the speed from 10 mph to 25 mph to support more efficient and reliable train movements. Project components were selected, in part, because work can begin immediately following obligation of funds:

- **Maine Northern Railway (Madawaska Subdivision)** – Component total cost: $20.5 million

Ashland (MP 191; 46.65586, -68.41222) to Madawaska (MP 260; 47.35475, -68.31354): 69 miles

Project Elements:

- Replace 142,560 linear feet of rail (13.5 miles) of old 100-pound jointed rail with new 115-pound jointed rail, mostly in curves
- Replace 28 mainline turnouts
- Replace 60,000 deteriorated wooden crossties with new wooden crossties
- Add 40,000 metric tons of new ballast
- Resurface 364,320 linear feet (69 miles) of track
- Replace the deck of a timber deck bridge, St. Croix (MP 167.74; 46.33293, -68.24678)

The St. Croix bridge on the MNR.

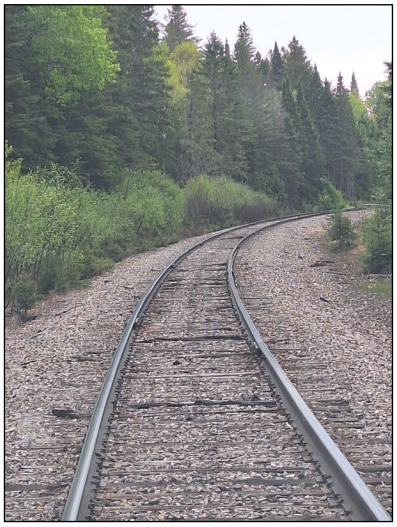
Project Components Status: The application requests funding for the Final Design/Construction Lifecycle Stage of this component. Project Development for this component is at the 90 percent design level and the work is ready to advance to Final Design/Construction following FRA acceptance of the Categorical Exclusion designation and accompanying documentation. The work is commonly performed by MNR and railroads throughout North America.

➢ **Eastern Maine Railway (Van Buren Subdivision)** – Component total cost: $23.5 million

Madawaska (MP 0.0; 47.35486, -68.31381) to Van Buren (MP 24; 47.16317, -67.93724): 24 miles

Project Elements:

- Rail: replace 24 miles of old 80-pound jointed rail with new 115-pound continuous welded rail along the entire subdivision
- Turnouts: replace 6 mainline turnouts
- Crossties: replace 12,000 wooden crossties
- Adding 29,000 metric tons of new ballast
- Resurface 126,720 linear feet (24 miles) of track



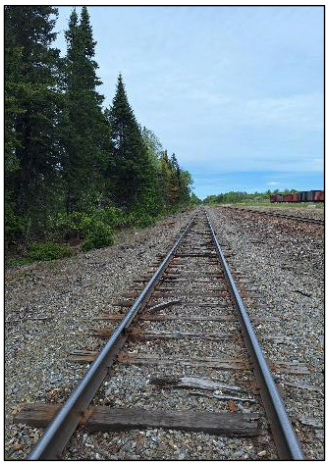
A section of curved jointed rail on the MNR.

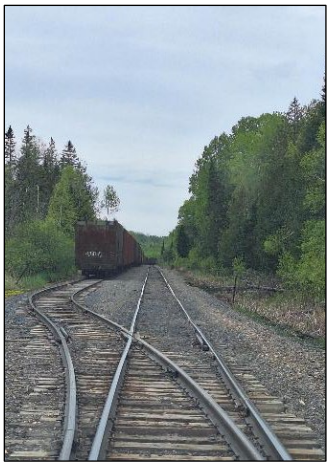
Project Components Status: The application requests funding for the Final Design/Construction Lifecycle Stage of this component. Project Development for this component is at the 90 percent design level and the work is ready to advance to Final Design/Construction following FRA acceptance of the Categorical Exclusion designation and accompanying documentation. The work is commonly performed by EMR and railroads throughout North America.

This segment is capable of handling 286K railcars. This Project component will increase speed from 10 mph to 25 mph, complementing a previous speed increase on the portion of this line south of Ashland that resulted from a 2022 CRISI grant and

Twin Rivers Paper in Madawaska.

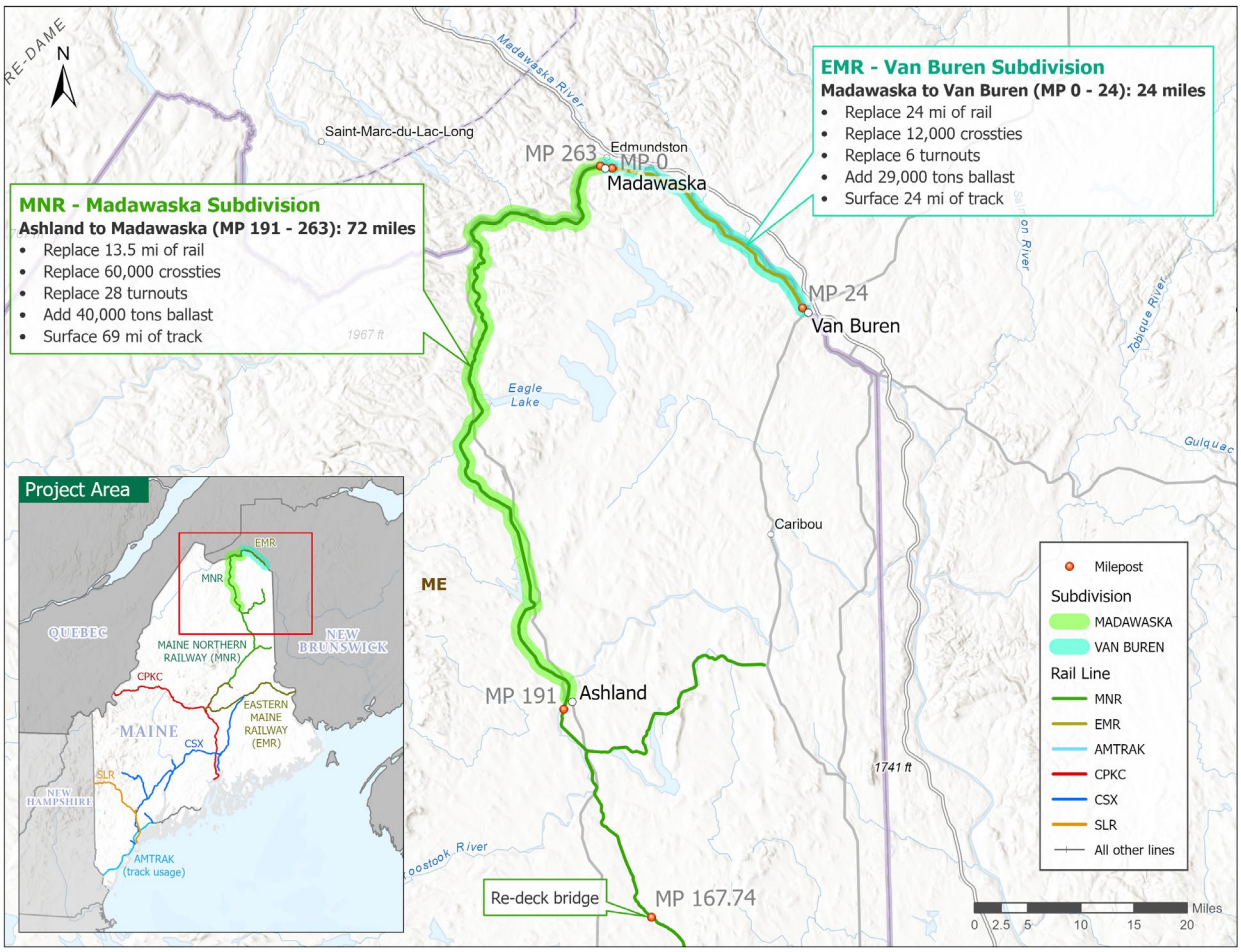
state/RR funding. This was a critical turning point for Twin Rivers Paper Company in Madawaska and led to a 50 percent increase in their rail business. The funding addressed decades-old rail infrastructure bottlenecks in northern Maine which allowed Twin Rivers to expand its logistics capabilities and increase shipments. It resulted in upgrading jointed-rail sections of the MNR to FRA Class 2 safety standards and 25 mph speeds. The upgrades made rail a significantly more cost-effective, safer, and reliable option than it had previously been. Twin Rivers was able to divert a massive portion of outbound loads from long-haul trucks to rail. This shift not only reduced logistics costs for Twin Rivers, it also aligned with MaineDOT's goals of reducing heavy truck traffic on rural roads, lowering greenhouse gas emissions, and securing the long-term economic viability of the region's forest products industry.





Railroad Operations

The MNR and EMR link abundant wood fiber resources and agricultural products in northern Maine to the North American rail network. The MNR interchanges with the Eastern Maine Railway at Millinocket, Maine, which provides a ‘bridge route’ connection linking MNR to Class I carrier CPKC at Brownville Junction and to Class I carrier CSX Transportation at Mattawamkeag. Additionally, the MNR/EMR also interchange in Madawaska, Maine. This connection provides an interchange with Class 1 carrier CN at Van Buren. The railroads combined handled 16,500 carloads through the Project area in 2025 — including lumber, plywood, woodchips, logs, wood



siding for homes, paper, liquified petroleum gas (LPG), fuel oil, fertilizers, corn starch, kaolin, talc, and manufactured products for 25 customers. Giving these customers the ability to ship over three competing Class 1 railroads provides competing transportation options that are rare in such a rural area.

The Project includes two railroad subdivisions. The Madawaska Subdivision right-of-way is owned by MaineDOT while the railroad is operated by MNR. The Van Buren Subdivision right-of-way is owned and operated by the EMR. The two subdivisions host a total of 3 trains that operate five or six days per week. Traffic on the lines primarily moves to and from the U.S. Midwest, Southeast, and New England, making the Project significant for economic regions far from Maine. MaineDOT and MNR/EMR Railways have a 15-year partnership of providing rail transportation solutions that connect Maine's forest, farming, and manufacturing businesses to global trade.

The multi-million-dollar investment in the lines by MaineDOT and the railroads in recent years, combined with the connection to three Class I railroads, are critical elements in helping the forest products industry reemerge following decades of decline. CRISI funding will allow the forest products industry's new advanced lumber and paper products to more efficiently reach global

markets by building on previous investments to ensure northern Maine remains reliably connected to rail.

Background and Challenges

The forest products industry is vital to Maine's economy. Direct and indirect jobs connected to lumber and paper mills drove much of the state's thriving economy for decades. In the early 2000s fortunes began to change. Global competition hit northern Maine's flagship industry hard and decimated lumber and paper mills. Numerous paper mills and many sawmills closed throughout Maine, including in the northern part of the state. The electronic age greatly reduced the demand for paper made in Maine, falling 41 percent since 2019.[1] As business eroded, rail service deteriorated along with it. Facing bankruptcy, the owner of northern Maine's rail lines at the time, the Montreal, Maine and Atlantic Railroad (MMA), proposed abandoning them. MaineDOT was sympathetic to the struggles the forest products industry was facing, but also understood the industry faced periodic boom and bust cycles and it would rise once again. As a result, MaineDOT recognized the need to preserve the lines for an eventual resurgence. MaineDOT watched as the industry developed new products and began to serve new markets. MaineDOT purchased 220 miles of right-of-way, including the Madawaska Subdivision, for $21M. MNR was selected to operate the line. Three years later, the EMR purchased the Van Buren Subdivision from MMA.

MaineDOT, MNR, and EMR set a collective path to modernize the main lines to allow the railroads to accommodate the North American standard of 286,000-pound gross-weight-on-rail railcars (286K). Speed along the line would also need to increase to at least 25 mph to realistically serve Maine's forest products industry and allow it to compete internationally. That began with a thorough assessment of the railroad's capital needs to identify where and how funding could best improve the lines. The assessment simultaneously analyzed the best ways to fund the work — through private investment supplemented by Federal and state funding.

The investment began with an $11M TIGER II grant award in 2012 which focused on track repairs and upgrades to the southern portion of MNR. In 2018, a FASTLANE grant was awarded, combined with state and railroad match funding. The grant funded upgrading 22 railroad bridges to accommodate 286K railcars at a speed of 25 mph. Over the next several years, additional Federal grant funding, alongside more state and private dollars, helped improve the railroad. CRISI funding in 2022 helped the state rehabilitate the southerly portion of the Madawaska subdivision and the Houlton and Presque Isle branches off the MNR main line.

Simultaneously, the forest products industry in the Pine Tree State, which had been weakened by foreign competition and mill closures in the early 2000s, was suddenly becoming stronger through industry consolidation, new technology, innovative wood-based products, and a resurgence of domestic manufacturing in Aroostook County and surrounding areas. Economic growth and strong housing demand created a shift from paper products to wood products. Since 2019, wood product manufacturing sales in Maine have increased by 45 percent, countering the paper manufacturing

[1] *2024 STATEWIDE ECONOMIC CONTRIBUTION OF MAINE'S FOREST PRODUCTS SECTOR*, Maine Forest Products Council, page 3, https://maineforest.org/wp-content/uploads/2025/10/2024-Economic-Report-FINAL-for-printing-AK.pdf

decline of 41 percent over the same time.[2] The industry once again needed railroads to connect it to markets throughout North America. Lumber and paper products are generally heavy and shipped long distances, therefore, using trucks is a costly shipping method. Road conditions in northern Maine, given the extremely rural area and unforgiving winter climate, can be very challenging for trucks.

Project Outcomes

The Project is located in Aroostook County in northern Maine on trackage owned by MaineDOT and operated by the Maine Northern Railway (MNR) and Eastern Maine Railway (EMR). Numerous Project benefits include:

- Making the railroad safer and reducing the risk of derailments
- Increasing the reliability of customers' rail connections to global markets
- Decreasing the threat of a speed reduction on the lines
- Reducing shipper transportation costs by using rail instead of trucks
- Supporting the state's $8.3 billion forest products industry
- Supporting agriculture and manufacturing
- Creating and preserving good paying jobs in rural communities
- Decreasing truck traffic and inevitable crashes on rural roads
- Improving Maine and U.S. competitiveness in the global marketplace

Grant funding will greatly improve the safety, efficiency, and reliability of the railroad. The Project, combined with previous right-of-way improvements completed by MaineDOT, the MNR, and the EMR will create a solid foundation to ensure the railroad is safely and reliably able to accommodate 286K railcars at speeds of 25 mph. The Project compliments a speed increase resulting from a 2022 CRISI grant which led to customer Twin Rivers Paper Company's rail business increasing by 50 percent driven by enhanced reliability, reduced transit times, and increased confidence in rail service.

This Project addresses those gaps by upgrading critical sections of the Madawaska and Van Buren Subdivisions, enabling consistent 25 mph operations and full 286K capability across the corridor. By removing these constraints, the Project will sustain recent growth, improve service reliability, and position the network to support additional traffic from existing and new customers, strengthening the region's connection to North American markets.

It is important that rail shippers are able to load railcars to their full capacity to take advantage of today's 286K weight standard. Railroads throughout North America have spent billions over the past few decades strengthening infrastructure to support this continent-wide industry weight standard. A shipper is at a severe disadvantage if a portion of the route their freight travels is restricted to only handling 263K railcars or must move at only 10 mph. The Project will contribute greatly to the railroad's overarching mission to reach the ability to accommodate 286K railcars at

[2] *2024 STATEWIDE ECONOMIC CONTRIBUTION OF MAINE'S FOREST PRODUCTS SECTOR*, Maine Forest Products Council, page 3, https://maineforest.org/wp-content/uploads/2025/10/2024-Economic-Report-FINAL-for-printing-AK.pdf

speeds of up to 25 mph. To achieve that goal, the Project will complement previous Federal and state infrastructure investments in the lines.

Users and Beneficiaries

As a rural state, Maine lacks the same rail customer density that other states enjoy. In addition to that, when paper and lumber industries contracted in the early 2000s, MaineDOT had the forward-thinking to keep rail service alive, a vision that is now paying off as recent investments lead to traffic growth. The Department has been an integral part of previous public/private partnerships with FRA and private rail operators to invest in rail infrastructure improvements that link businesses to global markets more reliably, making the supply chain more efficient. The rail line helps support the resurgence of jobs taking place in the forest products industry in Maine. New products are being developed and manufactured including wood siding that is more durable and longer-lasting than previous versions, wood fiber-based home insulation, laminated timber, the use of wood cellulose for 3-D printing and jet fuel for aviation.[3]

Rail traffic is frequently grouped into two categories – short-haul and long-haul – with traffic that moves roughly 350 miles denoting the split. Short-haul rail is often not financially viable because trucks generally provide faster service on shorter freight routes. But given the scarcity and poor condition of many unimproved or gravel roads that reach into Maine's forests – as well as heavy-duty commercial trucks serving as the only alternative to rail – the line is extremely valuable and markedly resilient in its ability to move short-haul traffic. Making extensive and costly improvements to the state's network of private woods roads and unimproved secondary roads, including asphalt resurfacing or full reconstructing, is not financially viable. Additional rail business is available, but infrastructure improvements must be made to increase reliability and ensure MNR can handle traffic growth. An important part of these improvements include making investments to ensure the railroad can handle 286K railcars at a speed of 25 mph over the line. The *Maine State Rail Plan* addresses this important weight capacity need: "*Maine's main line rail network can partially handle 286,000-pound railcars, the current industry-wide standard. EMRY and CP provide such capacity across the state from New Brunswick to Québec, as does CP's route between Searsport and Brownville Junction. CSX and several other carriers in Maine accept 286,000-pound cars on an exception basis. However, improving the tracks and bridges to regularly accommodate the heavier cars necessitates a significant capital investment that remains to be made. The acquisition of PAR by CSX [June 2022] is likely to lead to the Class I railway making the necessary investments to bring its tracks in Maine to 286,000-pound capacity and potentially even to 315,000.*"[4]

MaineDOT and the railroads of Maine have been committed to this mission through numerous previous Federal, state, and railroad partnerships that have benefited not only the MNR and EMRY, but rail lines throughout the state:

- $66.6 million CRISI grant awarded in 2024 to fund rehabilitating existing dormant track,

[3] https://formaine.org/, video at top of page

[4] Maine State Rail Plan, March 2023, pages 26-27
https://www.maine.gov/dot/sites/maine.gov.dot/files/docs/ofps/docs/railplan/MaineStateRailPlan.pdf

reconstructing yard tracks, restoration of crossing signals, and safety upgrades to grade crossing protection devices at seven highway/rail grade crossing locations, and installing three new Equipment Defect Detectors (EDDs, sometimes known as "Hot Box" detectors) with dragging equipment detection and Automatic Equipment Identification Detectors (AEIs), matched by $13.3 million in private funding

- $17.6-million CRISI grant awarded in 2022 to fund upgrades on MaineDOT-owned lines operated by Maine Northern Railway — matched by more than $4.6 million from MaineDOT and MNR
- $17.5 million CRISI grant awarded in 2018 to fund upgrades to the former Pan Am Railways mainline from Waterville to Royal Junction — matched by more than $500,000 in state funding and $17.5 million in private funding
- $7.6 million Fostering Advancements in Shipping Transportation for the Long-Term Achievement of National Efficiency (FASTLANE) grant awarded in 2018 to fund upgrades of 22 railroad bridges in Maine — matched by $8.2 million from MaineDOT and private funding

Forest Products

Railcars loaded with woodchips heading to a paper mill.

Due to its remote geography, prevalence of one primary natural resource (forests), extreme winter climate, and scarce regional population, northern Maine does not possess the same diverse manufacturing base enjoyed by other states and regions. Nearly 90 percent of the state is covered by forests, the highest percentage of any state in the U.S.[5] The forest products industry was thriving in Maine for more than two centuries. But in the 1990s and early 2000s, the industry declined, and with it jobs, for a number of reasons: the rise of electronic media leading to a reduction in demand for newsprint and printing paper, a decrease in lumber demand as the number of housing starts fell, an increase in the number of competing global suppliers of paper and lumber, and technological changes in the manufacturing process. Since 2019, paper sales alone declined 41 percent.[6] These factors led to many plant closures and consolidations. "In Maine, 64% (11 out of 17) of the pulp and paper mills shut down since 2000 (Crandall et al., 2017)."[7] With these closures, rail line investment could not be supported and abandonments soon followed.

[5] Maine International Trade Center, Forest Products, 2026, https://www.mitc.com/business-support/industries/forest-products/

[6] *2024 STATEWIDE ECONOMIC CONTRIBUTION OF MAINE'S FOREST PRODUCTS SECTOR*, Maine Forest Products Council, page 3, https://maineforest.org/wp-content/uploads/2025/10/2024-Economic-Report-FINAL-for-printing-AK.pdf

[7] ResearchGate, 2008-2026, https://www.researchgate.net/figure/Map-of-Pulp-and-Paper-Mill-Shutdowns-in-Maine-Mill-shutdowns-that-occurred-in_fig1_389714534

Facing the downturn and unprecedented rural area unemployment that followed, state leaders worked hard to identify ways the industry could reinvent itself, and the state could add value. That partnership led to the development of new wood and paper products and a resurgence of legacy products — and the resulting transition period for the industry over the past decade. The focus is working. Today the industry is rebounding due to resourceful and targeted efforts to attract forest products businesses back and employ technological advancements in the types of wood fiber-based products manufactured.

The industry in Maine is, in-part, turning to the manufacture of consumer goods like tissue paper, toilet paper, paper towels, canned food labels, and food packaging products. Incentives for the use of recyclable and compostable packaging are creating new manufacturing opportunities. While traditional paper products manufacturing has been in transition over the past decade, the production of wood products has been growing, up 45 percent in the previous five years.[8] One example of the industry's rebound is the Louisiana-Pacific plant in Houlton, located on the MNR. After a history of manufacturing oriented-strand board and laminated strand lumber at the plant, LP made a recent $150 million investment to transform the plant to produce LP wood trim and Smart-Side siding — resulting in approximately 90 new local and corporate jobs.[9] The MNR rail service was vital to this expansion providing both inbound wood and other raw materials for use in manufacturing at LP but for shipping the outbound finished product nationwide.

The railroad is vital to the forest products industry because it provides not one, but often two important moves in a manufacturing process. Forest feedstocks, such as logs and woodchips, move to lumber and paper mills by rail while finished products, including lumber and paper, move to distribution centers, warehouses, and consumer markets via the railroad. Given this deep relationship, rail is interconnected to the story of the forest products industry's ups and downs — and rise today once again.

Maine Northern Railway's largest business segment by carload volume is forest products, representing a substantial 90 percent of total annual carloads. The Maine Forest Products Council notes in their *Forest Opportunity Roadmap/Maine* that, "*While railroads have been actively working to improve service and capacity throughout Maine, additional investments in Maine's rail network are required before a significant modal transfer to rail remains feasible*."[10] Every carload MNR is able to move on its rail network keeps up to four truckloads off local (paved and unpaved) county and state rural roads. That saves on roadway maintenance costs and reduces fuel consumption and harmful emissions.

Today, Maine's forest products industry supports some 29,000 jobs across all 16 counties and contributed an estimated $8.3 billion to Maine's economy in 2024. The Pine Tree State exports

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[8] *2024 STATEWIDE ECONOMIC CONTRIBUTION OF MAINE'S FOREST PRODUCTS SECTOR*, Maine Forest Products Council, page 3, https://maineforest.org/wp-content/uploads/2025/10/2024-Economic-Report-FINAL-for-printing-AK.pdf

[9] *LP Building Solutions, Governor Mills and Senator Collins Celebrate Successful Conversion and Expansion of LP Houlton Facility*, Louisiana-Pacific Corporation, August 2022, https://www.lpcorp.com/about-lp/media-resources/news-releases/lp-building-solutions-governor-mills-and-senator-collins-celebrate-successful-conversion-and-expansion-of-lp-houlton-facility

[10] *Forest Opportunity Roadmap/Maine: Forest Products Best Practices*, AECOM, February 2020, http://formaine.org/wp-content/uploads/2020/09/MFPC-Final-Report-Feb-2020.pdf, page i

more than $200 million of forest products annually.[11] Rail transportation provides the vital connection between mills and the marketplace. Given the close ties between forest products and the railroad, the industry's rebound would not have been possible without rail, and MNR specifically, helping keep transportation costs low for both mill feedstocks and final products. Rail transportation is more cost-effective than trucks — in some cases, the condition of rural roads in Maine makes heavy truck transportation challenging and costly, in addition to finding drivers in the remote area.

Maine Northern Railway's carload volume reflects the growth. Starting with approximately 5,000 annual carloads when MNR took over operations from MMA in 2011, business grew to 19,000 annual carloads in 2020. The carrier projects 2030 volume to more than double, an increase of 54 percent, to more than 30,000 annual carloads. This is driven by growth in finished lumber products. The industry's resurgence is unable to occur without investments in vital and necessary rail infrastructure. "Although Maine ranks 1st in the United States for percent of forested land and 19th for total forested land, it ranks 40th in total rail miles."[12] Given the amount of mileage that has been under-invested or abandoned, it is critically important that the few remaining lines are upgraded to today's standards and adequately maintained.

Statement of Work
Components and Tasks by Lifecycle Stage

Task 1*: Project Administration*
MaineDOT will administer the Project in a manner ensuring that it will be delivered safely, on time, and on budget. This process will include drafting a Project Management Plan (PMP) that describes, in detail, activities and steps necessary to complete the tasks required of the Project. The PMP will also include a Project Schedule and Project Budget for the work to be performed. MaineDOT will also participate in regular meetings with stakeholders, including FRA, and submit required quarterly reporting information. MaineDOT will also submit a Final Performance Report describing the cumulative Project activities, including a complete description of the achievements under the Project objectives and milestones.

Task 2*: Project Development*
Environmental Review
MaineDOT will ensure the Project is completed successfully while mitigating any potential negative environmental impacts. MaineDOT anticipates that the work being performed under all Project components will fall under a NEPA Categorical Exclusion designation. All work is very common in the railroad industry and will take place on railroad right-of-way. There will be no in-water work taking place. The Project is ready to advance to Final Design/Construction immediately following FRA acceptance of the Categorical Exclusion designation and

[11] Maine International Trade Center, 2026, https://www.mitc.com/business-support/industries/forest-products/

[12] *Forest Opportunity Roadmap/Maine: Forest Products Best Practices*, Prepared For: Maine Forest Products Council by AECOM, February 2020, page 2, Table 1: *Comparison of Rail Infrastructure and Forested Land*, http://formaine.org/wp-content/uploads/2020/09/MFPC-Final-Report-Feb-2020.pdf

accompanying documents. The following actions are underway and will reduce the potential for delays in environmental investigations, documentation, and permitting:

Required Approvals

I. Preliminary baseline data collection will be collected to identify natural and cultural resources potentially affected by the Project. This information will be refined during design and will be used to avoid and minimize impact while meeting the purpose and need of the Project.

II. National Environmental Policy Act (NEPA): The NEPA process will inform design efforts. Based on the Project scope, the Project will be classified as a Categorical Exclusion. MaineDOT and its environmental team will provide supporting information to complete the FRA Categorical Exclusion checklist (Draft attached-coming separately) Should any issues arise, MaineDOT will work with FRA and the respective agencies to quickly resolve them. The anticipated date for NEPA completion is February 1, 2027. Public involvement will be completed in accordance with MaineDOT Public Involvement Plan and the MaineDOT NEPA Public Involvement Plan. These plans can be found at this link: https://www.maine.gov/mdot/env/NEPA/public/index.shtml

III. Historic and Archeological: The MaineDOT historic coordinator will evaluate the Project for eligibility for the Advisory Council on Historic Preservation (ACHP) Section 106 Program Comment to Exempt Consideration of Effects to Rail Properties Within Rail Rights-of-Way (Program Comment), dated August 17, 2018. Elements of the Project that do not meet the Program Comment will be processed under Section 106 in accordance with the Programmatic Agreement among the Federal Highway Administration, the Federal Railroad Administration, the Maine State Historic Preservation Officer, the Advisory Council on Historic Preservation and the Maine Department of for the Transportation Program in Maine, dated April 15, 2026. The design team will work to avoid and minimize impacts. Should adverse effects arise, MaineDOT and FRA will resolve adverse effects to historic properties in consultation with the Cultural Coordinator and the Maine Historic Preservation Commission as outlined in 36 CFR 800 and the MaineDOT Section 106 Programmatic Agreement. MaineDOT and FRA Division will engage federally recognized Tribes.

IV. Section 4(f) of the Department of Transportation Act: The MaineDOT Cultural Coordinator will review the project corridor to identify Section 4(f) resources. Project details and right-of-way information will be evaluated to avoid and minimize potential Section 4(f) uses. At this time, no right-of-way acquisition is expected and Section 4(f) use is not anticipated.

V. Endangered Species Act (ESA) and Essential Fisheries Habitat (EFH): The Project area includes designated Essential Fish Habitat. The project is located within the range of federally-listed Gulf of Maine Distinct Population segment of Atlantic salmon and its designated Critical Habitat. The Project is also located within the range of the federally threatened Northern Long-Eared Bat. MaineDOT and FRA will coordinate with federal agencies during Project design to avoid and/or minimize effects to EFH and ESA species

and to complete the required consultations as applicable in accordance with the Project schedule.

VI. Section 404 Clean Water Act Permit (U.S. Army Corps of Engineers): Freshwater wetland and stream impacts are not expected but could be required. MaineDOT will avoid and minimize temporary and permanent wetland and waterbody impacts to the extent practicable. MaineDOT anticipates that wetland impacts and any in-water work will be eligible for a Nationwide Permit. Use of In-lieu fee mitigation payments to the Maine Natural Resources Compensation Program will streamline compensatory mitigation for unavoidable wetland impacts.

VII. Natural Resources Protection Act (Maine Department of Environmental Protection): Wetland and stream impacts are regulated by the Maine Natural Resources Protection Act. MaineDOT anticipates that any wetland and stream impacts associated with the Project will be eligible for Permit-By-Rule Chapter 305, Section 11, which is a streamlined permit process for State Transportation Facilities.

VIII. Stormwater (Maine Department of Environmental Protection): The Project will incorporate Best Management Practices for temporary and permanent management of soil erosion and sedimentation. Permanent measures for treatment of stormwater quantity and quality will be incorporated in accordance with Chapter 500 regulations and the Memorandum of Agreement for Stormwater Management Between the MaineDOT, MTA and Maine Department of Environmental Protection.

IX. Floodway/Floodplains: The Project may require construction of replacement crossings at waterbodies with designated Zone A and Zone B floodplains, though it is not anticipated. Any water/wetland crossings will be designed to avoid and minimize encroachments into designated flood zones and in accordance with Executive Order 11988. Crossings will generally be designed to improve hydraulic capacity and aquatic connectivity.

***Task 3**: Final Design*

MaineDOT will create Final Design materials for FRA review and acceptance that include non-scaled drawings, specifications, cost, and timeline estimates that demonstrate the Project's feasibility and readiness for construction. Submitted plans will contain an engineer's schedule, a construction estimate, and proof of approval from the Recipient and all affected stakeholders.

***Task 4**: Construction*

MaineDOT will complete construction of the Project in accordance with FRA-approved environmental document(s) and Final Design Package. This task includes procurement of materials, sitework, force account work, environmental mitigation, and any construction engineering activities to accomplish the Project. An itemized scope and estimate is included in Appendix F. The Project consists of:

- **Maine Northern Railway (Madawaska Subdivision)** – Component total cost: $20.5 million

Ashland (MP 191; 46.65586, -68.41222) to Madawaska (MP 260; 47.35475, -68.31354): 69 miles

Project Elements:

- Replace 142,560 linear feet of rail (13.5 miles) of old 100-pound jointed rail with new 115-pound jointed rail, mostly in curves
- Replace 28 mainline turnouts
- Replace 60,000 deteriorated wooden crossties with new wooden crossties
- Add 40,000 metric tons of new ballast
- Resurface 364,320 linear feet (69 miles) of track
- Replace the deck of a timber deck bridge, St. Croix (MP 167.74; 46.33293, -68.24678)

Project Components Status: The application requests funding for the Final Design/Construction Lifecycle Stage of this component. Project Development for this component is at the 90 percent design level and the work is ready to advance to Final Design/Construction following FRA acceptance of the Categorical Exclusion designation and accompanying documentation. The work is commonly performed by MNR and railroads throughout North America.

- **Eastern Maine Railway (Van Buren Subdivision)** – Component total cost: $23.5 million

Madawaska (MP 0.0; 47.35486, -68.31381) to Van Buren (MP 24; 47.16317, -67.93724): 24 miles

Project Elements:

- Rail: replace 24 miles of old 80-pound jointed rail with new 115-pound continuous welded rail along the entire subdivision
- Turnouts: replace 6 mainline turnouts
- Crossties: replace 12,000 wooden crossties
- Adding 29,000 metric tons of new ballast
- Resurface 126,720 linear feet (24 miles) of track

Project Components Status: The application requests funding for the Final Design/Construction Lifecycle Stage of this component. Project Development for this component is at the 90 percent design level and the work is ready to advance to Final Design/Construction following FRA acceptance of the Categorical Exclusion designation and accompanying documentation. The work is commonly performed by EMR and railroads throughout North America.

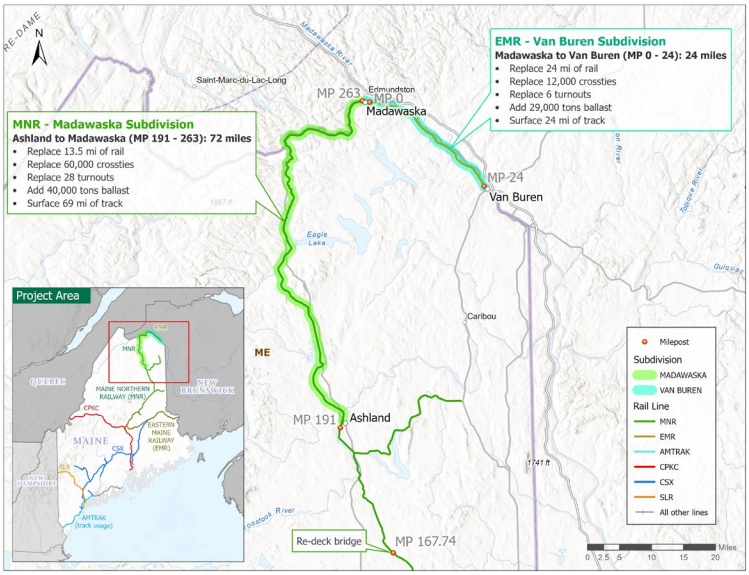
Project Schedule

Task	Completion Date
Project Management Plan	Within 90 days of Obligation
Project Development	Complete
Preliminary Engineering Completion	February 1, 2027
NEPA Completion	February 1, 2027
Final Design Completion	Substantially complete by November 1, 2027
Construction Completion	November 2030
Final Performance Report	120 Days after period of performance end date

The dates are contingent on a timely grant agreement, subject to change due to agreement date.

The Project schedule assumes FRA Project selection in October 2026 and grant obligation by November 2027. Project Development activities including Preliminary Engineering and

Environmental Review will continue following Project selection and are anticipated to be complete prior to obligation.



Project engineers will be ready to break ground following obligation of funds. Construction is scheduled to complete 36 months following grant obligation. The railroad has created a comprehensive and achievable Project procurement timeline. The Statement of Work includes tasks that align closely with suppliers to create a partnership resulting in strong communication and construction commitments that are adhered to. MaineDOT will ensure the Project remains on schedule and within budget, closely monitoring all administrative and financial aspects of the Project and will ensure any contingency need is identified and resolved expeditiously without negatively affecting the project schedule.

Objectives

The objective of the Project is to return and maintain the MNR and EMRY to a state of good repair. When it is complete, speed on the main line within the Project area is expected to be suitable for 25 mph, FRA Class II operations.

Deliverables

Deliverables for the above tasks include the following:

Task 1: Project Management Plan**,** Quarterly Reporting (QPR/FFR)**,** Final Performance Report

Task 2: Environmental Clearance

Task 3: Final Design Package

Task 4: Completion of construction of Track Improvement Work

VII. PROJECT LOCATION

All Project components are located in Aroostook County in northern Maine. The Project is located in a rural area. The majority of the Eastern Maine Railway (Van Buren Subdivision) Project component is located in an Area of Persistent Poverty (APP) Census Tract (9502). About one-fourth of this Project component is located in a Qualifying Opportunity Zone. All spending will take place in Maine's 2nd Congressional District, represented by Jared Golden.

Project Locations

Subdivision	Milepost Range	Location From/To	GPS Coordinates From/To
MNR Madawaska Sub	MP 191–260	Ashland – Madawaska	46.619,-68.420 to 47.333,-68.380
EMR Van Buren Sub	MP 0–24	Madawaska – Van Buren	47.355,-68.314 to 47.159,-67.934
MNR Bridge	MP 167.74	St. Croix Bridge	46.33293, -68.24678

VIII. EVALUATION AND SELECTION CRITERIA

Project Readiness

The Project is low risk and ready to commence quickly for a number of reasons:

- The work is very commonly-performed railroad work
- The MaineDOT has extensive experience managing identical work
- The work can be completed relatively quickly
- The MNR has match funding readily available
- MaineDOT and EMR own all right-of-way, so there is no need for Project partners or agreements
- The Project has been well planned and no procurement challenges are expected
- There will be no change in ownership or control of the Project infrastructure following completion of work

Project Readiness for Lifecycle Stage

The application requests funding for the Final Design/Construction Lifecycle Stage and MaineDOT is ready to undertake activities for this Lifecycle Stage. Project Development is complete and the work is ready to advance to Final Design/Construction immediately following grant obligation and FRA acceptance of the Categorical Exclusion designation and accompanying documents. Procurement measures are common and routinely conducted by MaineDOT and MNR as part of their ongoing efforts to maintain and improve the railroad. MaineDOT will ensure all necessary procurement activities are executed efficiently and effectively to support a timely construction commencement. The Project consists of work commonly performed by MNR and EMRY. Given the due diligence MaineDOT has already performed, construction can begin quickly. MaineDOT anticipates grant obligation by November 2027 and construction taking three years, resulting in Project completion by November 2030.

Status of Required NEPA Actions

The Project does not involve significant environmental impacts. There are no significant impacts to planned growth or land use, no relocation needs, no significant impact on any natural, cultural, recreational, historic or other resources, no impact to air, noise, or water quality, and do not otherwise have any significant environmental impacts. All Project activities are expected to take place within the railroad right-of-way, therefore, there are no anticipated environmental or

resource concerns. MaineDOT will prepare all required documentation to comply with applicable environmental laws, including but not limited to the National Environmental Policy Act (NEPA), Section 106 of the National Historic Preservation Act, Section 4(f) of the U.S. DOT Act, and Section 7 of the Endangered Species Act, as well as applicable implementing regulations and guidance. MaineDOT will provide FRA with sufficient information to determine the NEPA Class of Action and will prepare the environmental documentation as detailed in the PMP. The railroad anticipates that the final Class of Action determined by FRA will be a Categorical Exclusion.

Agreements with Infrastructure Owners and Project Partners
MaineDOT and EMRY own both rights-of-way that the Project is located on. There will be no need for agreements with other infrastructure owners.

Technical Merit
Project Elements Align with Funding Request
MaineDOT is experienced completing large-scale railroad infrastructure improvement projects. The Statement of Work application section details the steps to be taken to complete the Project on time and within budget and includes a Project Schedule. The Project timeline is comprehensive and achievable. Construction is scheduled to complete 36 months following grant obligation. MaineDOT will ensure the Project remains on schedule and within budget, closely monitoring all administrative and financial aspects. The railroad will implement required track curfews (a period of time when a rail line is closed to trains so workers can access the track to perform work) that create sufficient time to safely perform work with minimal interruption to customers or the community. Shippers will be able to plan for periodic work interruptions well in advance. MaineDOT will communicate with stakeholders well in advance if road closures are required to perform work safely and do not envision the need to perform any in-water work.

Key Personnel
The leadership at MaineDOT and NBM Railways is very experienced managing rail transportation infrastructure and procurement projects. They have the workforce and resources to manage grant projects, including an entire department dedicated to grant functions. The following grant-experienced leaders will manage the Project:

Mr. Nathan Moulton, Director, Office of Freight and Passenger Services, Maine Department of Transportation – The Project will be administered by. Mr. Moulton has successfully managed railroad-related projects statewide for more than 23 years. He has served as Project Administrator on numerous Federally-funded USDOT and FRA grant projects:

- $45.4 million CRISI grant awarded in 2024
- $16.2-million CRISI grant awarded in 2022
- $16.9 million CRISI grant awarded in 2019
- $17.5 million CRISI grant awarded in 2018
- $7.6 million Fostering Advancements in Shipping Transportation for the Long-Term Achievement of National Efficiency (FASTLANE) grant awarded in 2018

Prior to this role, Moulton served as Deputy Director of the Northern New England Passenger Rail Authority, where he oversaw a $63 million FTA-funded project to restore passenger rail,

improve stations and begin Amtrak's Downeaster Passenger Service.
Mr. Brad Peters, General Manager, NBM Railways – Mr. Peters provides overall leadership and accountability for safety, operations, and engineering, including capital program delivery across NBM Railways (Eastern Maine Railway, Maine Northern Railway, and New Brunswick Southern Railway). He has extensive experience overseeing large infrastructure projects and operations throughout J.D. Irving, Limited, with a proven track record of leadership across logistics, manufacturing, and rail operations. Mr. Peters has played a pivotal role in improving project delivery by strengthening alignment across operations, engineering, and capital programs, enhancing coordination, efficiency, and overall network performance. He also serves on the Board of Operation Lifesaver, demonstrating his commitment to rail safety and public awareness. He works closely with engineering teams to ensure projects are delivered safely, efficiently, and in full compliance with regulatory requirements. His leadership will support the successful execution of the Project.

Intergovernmental Review
Intergovernmental Review under Executive Order 12372 is not required by the state of Maine for this Project.

The need to improve the safety, efficiency, and reliability of freight rail in Maine is a strong focus of the *Maine State Rail Plan*, March 2023, and the Project is consistent with the Plan:

State of Good Repair/Infrastructure Upgrade
"Upgrading track and structures to handle 286,000-pound (286k) freight cars, double-stacked containers, and oversize loads, is necessary for railroads to remain profitable and competitive. Capacity projects such as double tracking, adding sidings, rehabilitating existing track, reconstructing segments, raising line speeds, and expanding capacity at interchanges improve the reliability and resiliency of rail service."[13]

Continuing Control and Use of Facilities
MaineDOT and NBM Railways will continue to own and operate all property following Project completion and will ensure that CRISI-funded improvements remain in a state of good repair and generate value for customers and the economy.

Project Benefits
Benefit-Cost Analysis (BCA)
The Benefit-Cost Analysis (BCA) for the Project yields a Benefit-Cost Ratio (BCR) of 5.98:1 and a Net Present Value (NPV) of $145,830,999, evaluated over a 30-year analysis period (2031-2060) at a 7 percent real discount rate, consistent with USDOT Benefit-Cost Analysis Guidance for Discretionary Grant Programs (December 2025). Total discounted benefits of $175,089,759 exceed total discounted capital costs of $29,258,760 across four quantified benefit categories.

[13] *Maine State Rail Plan*, March 2023, page 50-51, https://www.maine.gov/dot/sites/maine.gov.dot/files/docs/ofps/docs/railplan/MaineStateRailPlan.pdf

Analysis Framework

- Analysis period: 30 years (2031-2060). Discount rate: 7.0% real. Dollar base: constant 2024$.
- Capital investment: $46,300,000, phased across three construction years (2028-2030). Estimate in current dollars; 3% annual inflation applied to derive year-of-expenditure costs.

		7% NPV Summary	
	Total Benefits (Undiscounted)	Benefits	Costs
Capital Cost			($29,258,760)
Safety	$17,321,656	$3,199,627	
Travel Time Savings	$51,498,720	$14,194,194	
Vehicle Operating Cost Savings	$836,304,623	$152,409,599	
Emission Reductions	$28,618,387	$5,286,340	
Total	**$933,743,386**	**$175,089,759**	**($29,258,760)**

Net Present Value	**$145,830,999**
Benefit-Cost Ratio	**5.98**

- Freight base: approximately 31,915 Build carloads and 28,256 No-Build carloads in 2031 across 25 corridor customers, served by three turn-job trains operating five to six days per week. As Build scenario volumes grow over the evaluation period, the analysis conservatively assumes additional train starts are required to handle incremental carloads, with associated operating costs reflected as a Build-scenario cost.
- No-Build baseline: progressive track deterioration from current FRA Class 1 (10 mph) toward Excepted Track status within 2 to 4 years. Excepted Track status limits hazmat movement under federal regulation, reducing or eliminating volumes for several existing hazmat customers. Non-hazmat volumes are generally held flat, with modest growth applied to select customers as a conservative floor. Build volumes grow at customer-specific rates ranging from 2% to 6% annually. Build scenario rehabilitates both subdivisions to FRA Class 2 (25 mph).

No-Build Scenario

Without this investment, the 94-mile corridor is projected to reach Excepted Track status within 2 to 4 years following the grant award period. Twin Rivers titanium dioxide, a hazardous material whose movement is prohibited on Excepted Track, loses corridor access entirely under the No-Build. Dead River LPG and fuel oil are modeled at frozen 2026 volumes in the No-Build, reflecting an assumption that Dead River would reroute to CPKC (Bangor) or CSX (Portland) gateways — maintaining current supply levels through alternative means but forfeiting all incremental growth the Build would support. Non-hazmat volumes are generally held flat at 2026 levels; a modest 2% annual growth floor is applied to Twin Rivers inbound commodities and LP Wooden Siding. The Irving Woodlands ramp-up driven by the new St. John, New Brunswick chip processing facility does not occur under the No-Build. No negative growth is modeled for any customer, understating the full economic impact of service deterioration.

Quantified Benefit Categories

Travel Time Savings. The speed upgrade from 10 to 25 mph saves 2,621 train-hours per year across three corridor trains, valued at $655 per train-hour (USDOT Table A-5, freight train hauling rate, 2024$). Annual benefit: $1,716,624 (constant 2024$, flat for all 30 years). Discounted NPV: **$14,194,194.**

Vehicle Operating Cost Savings. Incremental carloads that move by rail in the Build but would divert to truck in the No-Build generate avoided highway operating costs at $1.23 per truck-mile

(USDOT Table A-4, commercial trucks, 2024$). The truck-miles base grows from approximately 4.2 million in 2031 as the Build-minus-No-Build volume delta widens annually to a final project amount of 56.8 million in 2059. Discounted NPV (net of incremental train operating costs): **$152,409,599**.

Emissions Reduction. Avoided criteria pollutant emissions from diverted truck-miles, valued at $0.038 per truck-mile (USDOT Table A-14, commercial trucks, 2024$). Greenhouse gas externalities excluded per OMB M-25-27. Discounted NPV: **$5,286,340**.

Safety Benefits. Avoided crash costs from diverted truck-miles at $0.023 per VMT (USDOT Table A-14, external portion of commercial truck crash costs, 2024$). Discounted NPV: **$3,199,627**.

Unquantified Benefits

The following benefits are excluded from the quantified BCR. Their exclusion is conservative and understates the total economic value of the Project.

Maintenance Cost Savings – Under the No-Build scenario, the deteriorating corridor requires increasing corrective maintenance expenditure to sustain minimum operability. The Build scenario rehabilitates the corridor to FRA Class 2 standards, materially reducing annual maintenance requirements over the analysis period. Annual No-Build corrective maintenance cost data was not available at time of submission; this benefit is excluded from the quantified BCR.

Shipper Cargo Value of Time – The speed increase from 10 to 25 mph reduces freight transit times across 94 miles. USDOT BCA Guidance does not prescribe a standard shipper value-of-time rate for freight rail; this benefit is excluded.

Derailment Risk Reduction – Replacement of deteriorated rail, ties, and turnouts across 94 miles materially reduces the risk of track-caused derailments, including on a corridor that serves hazardous materials customers.

Corridor Reliability and Service Continuity –Rehabilitated track reduces unplanned service interruptions from emergency slow orders and track geometry defects, supporting consistent shipper service levels. Excluded as USDOT BCA Guidance does not prescribe a standard reliability valuation methodology for freight rail.

Gateway Competition Value – The corridor provides shippers access to three competing Class I railroads. Loss of the corridor eliminates one competitive gateway and reduces shipper optionality. Qualitative; excluded from the quantified BCR.

Social Cost of Carbon – The modal shift from truck to rail reduces greenhouse gas emissions. Excluded consistent with OMB Memorandum M-25-27.

The full BCA analysis is located in Appendix D; the BCA Spreadsheet is located in Appendix C.

Additional Benefits

Effects on system & service performance

Rail customers require reliability, a competitive cost, and the good value that the Project will create. Further deterioration of short line track and bridges will have widespread effects on supply chains — negatively affecting speed and efficiency and possibly forcing railroads to implement weight restrictions on railcars. The railroad could also be forced to implement permanent speed restrictions for trains operating over deteriorating track and bridges. Without funding, the railroads' temporary speed restrictions would likely increase and eventually lead to

permanent speed restrictions, impacting the speed and reliability of rail service in northern Maine. As a result, customers would need to truck more product to remain viable in the marketplace. This would increase their costs and the cost of road maintenance in Maine.

Safety, competitiveness, reliability, trip or transit time, resilience

The Project relies on established railroad bridge and track construction methods and proven components, including wooden crossties used in the track improvements and granite ballast to withstand future decades of precipitation, temperature changes, including freeze-thaw cycles, and other weather-related challenges.

Improvements to essential rail infrastructure, like track and bridges, help short lines provide reliable service and enable them to compete against trucks. During the rail industry resurgence two decades ago, the industry focused on reliability as a primary component of its service offering. Truck competition, traditionally considered a more dependable alternative, has abundant capacity to siphon traffic away from railroads that experience service inconsistencies, although that may be more challenging to do in northern Maine.

Efficiencies from improved integration

The forest products industry often relies on the railroad to not only move finished products from the plant to the North American marketplace, but also to move raw materials, such as woodchips, kaolin, and talc — all used in the paper manufacturing process — to the plants. A faster railroad will ensure the customer's entire supply chain is more efficient.

Ability to meet existing or anticipated demand

For many railroads, the type of freight transported is traditionally the result of the region's natural resources. The economy is often based on those resources and was shaped decades ago without a means to quickly and easily transition traffic in the wake of an economic decline. The Project allows the railroad to continue reliably serving current customers while also ensuring additional capacity is available to accommodate expanding and new customers. Starting with approximately 5,000 annual carloads when MNR took over operations from MMA in 2011, business grew to 19,000 annual carloads in 2020. The carrier projects 2030 volume to more than double, an increase of 54 percent, to more than 30,000 annual carloads. Following the Project, the railroad will be able to efficiently manage all additional traffic assumed in the BCA.

The short line railroad industry generates $4.64 billion in revenue for the U.S. economy, serves nearly 10,000 customers, and employs more than 17,000 railroaders.[14] It serves a wide variety of industries and supports family-wage jobs. Rail provides a cost effective, and in some cases, the only transportation link between a customer and the North American freight network, as well as the global economy.

Selection Preference

Project Development activities are complete; all funding is for Final Design/Construction.

[14] SHORT LINE AND REGIONAL RAILROAD Facts and Figures, 2019, https://www.aslrra.org/ASLRRA/document-server/?cfp=ASLRRA/assets/File/public/about/Facts_and_Figures_eVersion.pdf

IX. PROJECT IMPLEMENTATION AND MANAGEMENT

MaineDOT and NBM Railways will ensure a quick start and timely completion of the Project. The Statement of Work section of the Project Narrative includes a Project Schedule listing the measures required to complete the Project on time.

Construction will commence following grant obligation in November 2027 and is expected to be completed by November 2030. Cost estimates have been developed based on current market conditions and are informed by recent procurements of similar materials by MaineDOT and the railroad. They have been developed following market analysis and are guided by recent purchases of the same materials. MaineDOT and the railroad have significant experience with rail industry engineering projects, including those funded by FRA. All matching funds are committed and available to deploy.

All Project work will be performed on existing railroad right-of-way and the purpose for which the land is used will not change. MaineDOT will perform Project management and oversight roles for Project implementation and will provide all necessary progress reports, manage the funding drawdown requests, and ensure Project oversight compliance with all Federal requirements. The Department will also complete and provide all Federal financial reports as well as the final report on or before the end of the period of performance.

Arrangements for Project Contracting (Construction, Maintenance and Operation)

Construction

Work will be performed by MNR and EMR maintenance of way personnel supported by qualified railroad contractors. Procurement of contractors will take place through a bidding process by MNR/EMR after Final Design is complete and Project permits are in place. MaineDOT will ensure all Federal grant requirements are part of the grant agreement. The railroad will be responsible for all material, labor, and equipment necessary to perform the Project tasks safely and will provide engineering support and oversight during the construction process. The railroad can easily obtain access to work sites from track level using common hi-rail equipment able to move on both roads and railroad tracks. Upon Project completion, MaineDOT will ensure the work area remains in the same manner or better than it was prior to work. Given the common nature of the work, MaineDOT projects no procurement issues and will adhere to all *Buy America* requirements.

Maintenance

Following Project completion, maintenance of the track and bridge will continue to be the responsibility of the EMRY and MNR railways.

Operation

The operation of the railroad during and after the Project will remain the responsibility of the EMRY and MNR railways.

Contract Oversight and Control/Change Order Management

MaineDOT will support the EMRY and MNR railways with administration and oversight of the Project. The team will manage all necessary progress reports as well as funding drawdown requests to ensure compliance with all Federal requirements. This includes all Project progress reports, all Federal financial reports, as well as the final report on or before the end of the period of

performance. The railroad will work with FRA to implement and adjustments to the Project's original scope, budget, or timeline, if required.

Risk Management
MaineDOT will proactively identify and evaluate risks, and quickly mitigate scope deviations, schedule changes, unexpected cost changes, safety concerns, and any other challenges that arise.

Project Risk	Project Mitigation
Environmental Permitting: • Permitting and potential mitigation impacts to construction schedule.	Proper Designing of Work: • Perform environmental/NEPA early in the project. All work subject to NEPA Categorical Exclusion. • Work is limited to "in-kind" replacements and repairs.
Cost Controls: • Inflation/market changes causing costs to escalate. • Contractor estimates come in higher than predicted.	Thorough Evaluations: • Probable Costs based on current pricing and projections. • Project contains contingency to protect against cost escalations.
Weather: • Extreme weather (rainfall, hurricanes, etc.) events resulting in prolonged delays. • Freezing temperatures during winter months.	Proper Scheduling of Work: • Additional time built into construction schedule to allow for delays. • Avoid winter construction season.
Supplier: • Supply chain issues disrupt ability to obtain needed material causing delay.	Plan ahead: • Order material in advance of Project phases.

Conformance to Federal Requirements
The Department's Federal grant and formula funds experience includes managing numerous infrastructure projects and associated Federal requirements and regulations, such as compliance with Buy America, the Americans with Disabilities Act, the Davis Bacon Act, and the *Uniform Relocation Assistance and Real Property Acquisition Act*. MaineDOT follows all applicable domestic preference laws including Executive Order 14005, *Ensuring the Future Is Made in All of America by All of America's Workers* (86 FR 7475) and ensures the use of products and materials produced in the United States for all infrastructure projects. MaineDOT will provide documentation of ongoing compliance with the following Executive Orders:

- Executive Order 14173 – *Ending Illegal Discrimination and Restoring Merit-Based Opportunity*
- Executive Order 14151 – *Ending Radical and Wasteful Government DEI Programs and Preferencing*
- Executive Order 14168 – *Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government*
- Executive Order 14149 – *Restoring Freedom of Speech and Ending Federal Censorship*
- Executive Order 14154 – *Unleashing American Energy*

Experience Managing Similar Projects
MaineDOT and the EMRY and MNR possess the financial, management, technical, and legal capacity and experience to complete large-scale projects on time and within budget. Both are currently managing similar projects involving bridges and track, including a CRISI-funded project.

APPENDICES

Appendix A – Financial Commitment Letters
Appendix B – Letters of Support
Appendix C – BCA Spreadsheet
Appendix D – BCA Technical Memorandum
Appendix E – Environmental Project Description
Appendix F – Preliminary Engineering Materials (Construction Cost Estimate, Track Charts)

LETTERS OF SUPPORT

Letters from numerous supporters in Maine and New Brunswick, Canada, accompany the application. They outline the critical need to strengthen the rail line. The Project has received the support of a diverse group of elected officials and stakeholders who understand the significant benefits the Project will generate. MaineDOT will post all support letters at https://www.maine.gov/dot/about/funding/grants/crisi with additional letters posted to the site as they are received. The list of supporters includes:

Members of Congress: *(letters will be sent directly to the Secretary's office)*

U.S. Senator Susan Collins (R-ME)
U.S. Senator Angus King (I-ME)
U.S. Congressman Jared Golden (D-ME)

State Elected Officials/Offices: *(letters will be sent directly to the Secretary's office)*

Governor Janet Mills

Additional Supporters:

JDI Sawmills
JDI Woodlands
Twin Rivers Paper
Huber Engineered Woods
LP Building Solutions
Our Katahdin
LaJoie Growers
Dead River Company