

**TRANSITIONAL ASSISTANCE PROGRAM
FOR RAIL INFRASTRUCTURES**

FINANCIAL ASSISTANCE APPLICATION GUIDE

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This guide contains useful information for preparing an application for financial assistance under the Transitional Assistance Program for Rail Infrastructures. The objectives of the Program, the type of assistance, eligibility, the allocation of funds as well as the conditions are found in the document entitled *Transitional Assistance Program for Rail Infrastructures*.

1. REQUIRED INFORMATION

An application for financial assistance must contain the information listed below. In all cases, the Ministère reserves the right to demand additional information needed to analyze the file.

- General description of applicant:
 - Name and address;
 - Brief background of rail company;
 - Description of rail network or line;
 - Network map or line map;
 - Location of current shippers;
 - Merchandise traffic (tonnage, type of merchandise, origin, destination) for each subdivision that makes up the rail network and/or the line;
 - Name of the person in charge of the project.
- Detailed report of the state of the tracks and the structures as well as the imposed speed limits, where appropriate.
- Description of the investment project and a detailed estimate of related costs:
 - Detailed specifications of work, whether done on own account or under contract, approved by an expert in the field;
 - Timetable for carrying out the work.
- Presentation of the maintenance and rehabilitation program for the tracks and structures of the shortline railway, if one exists, the amounts of the maintenance and rehabilitation expenses for the past two years, as well as evidence that the investment project for which financial assistance is being requested comes under the Program.
- Evidence that the project meets the Program's assessment criteria.
- Evidence that the company has a good growth and profit outlook, and that the project will have an impact on its operations:
 - Location of potential shippers, if appropriate;
 - Financial statements (income statement, balance sheet, statement of changes in financial position).

2. ELIGIBLE EXPENSES

a) Rehabilitation of rail lines and structures

The rehabilitation of rail lines and structures must upgrade the rail infrastructure to a level of quality that will enable safe travel at speeds considered to be acceptable in order to make operations profitable. With respect to structure expenses, they must be related to work recommended by structure experts.

Eligible expenses can include, for example, the following work:

Rail

- Replacement of rails;
- Replacement of ties;
- Ballast spreading;

- Etc.

Structures

- Replacement of stringers;
- Renewal of deck;
- Repair of piers;
- Etc.

b) Initiatives to increase the bearing capacity of rail lines and structures to 286,000 pounds/railway car

Initiatives to increase the bearing capacity of rail lines and structures must upgrade the rail infrastructure to a level of quality that will enable the circulation of trains made up of railway cars weighing 286,000 pounds, which is the new North American standard for the weight of railway cars. With respect to expenses related to the structures, they must be associated with work recommended by structure experts.

Eligible expenses may include, for example, the following work:

Rail

- Replacement of rails;
- Replacement of ties;
- Ballast spreading;
- Etc.

Structures

- Replacement of stringers;
- Renewal of deck;
- Repair of piers;
- Etc.

c) Construction of a siding

The construction of a siding is designed to give a railway more operational efficiency (consolidation of railway cars, track repair, etc.).

The following are examples of eligible expenses:

- Switches;
- Preparation of track infrastructure;
- Rail and track material;
- Ties;
- Etc.

d) Construction of a railway branch line

The construction of a railway branch line is designed to enable a railway to serve a company, a group of companies (an industrial park), a reloading centre or a port.

The following are examples of eligible expenses:

- Switches;
- Preparation of track infrastructure;
- Rail and track material;
- Ties;
- Etc.

3. PROJECT ASSESSMENT CRITERIA

Projects are assessed based on the following criteria, which are used to establish an order of priority. This is not, however, an exhaustive list:

- State of the track and the structures;
- Existence of a track and structure rehabilitation program;
- Safety of railway activities;
- Importance of the line for the region's transportation system and economy;
- Economic benefits for shippers.

4. PROJECT ADVANCEMENT

The main steps in the advancement of the projects are:

The eligible shortlines will be informed via letter of the implementation of the Program as well as the registration procedures;

- Analysis of the application and decision by the Ministère to award or refuse financial assistance;
- Signature of an agreement between the Ministère and the applicant, which must include the following aspects:
 - Estimated cost of eligible work as well as the timetable for carrying out the work;
 - Amount of the financial contribution granted by the government to carry out the work;
 - Clauses and procedures regarding the government's financial contribution and the commitment by the parties;
 - Terms regarding payment of the financial assistance as well as the deadlines for the start and end dates of the work.
- Carrying out the work, inspection by a representative of the Ministère and payment of the financial assistance by the Ministère upon presentation of relevant documents for the work performed.

5. GENERAL INFORMATION

Shortline companies that have already submitted their five-year plans, under the April 28, 2005 memorandum of understanding between the governments of Canada and Québec, are not required to submit another application. However, these companies are invited to identify which of the projects listed in their respective five-year plans they would like to carry out in the context of the transitional program.

Shortline companies that have not submitted their five-year plans and wish to submit a project under the transitional program must file an application by filling out the relevant form and must provide the required information. The Ministère will then analyze the project based on the parameters set out in the *Financial Assistance Application Guide*.

Shortline companies can obtain additional information and the Subsidy Application Form from the Direction du transport maritime, aérien et ferroviaire (DTMAF) or on the Ministère's website.

The application must be sent to the following address:

Ministère des Transports du Québec
Direction du transport maritime, aérien et ferroviaire
Service du transport ferroviaire
700, boulevard René-Lévesque Est, 24^e étage,
Québec, Québec
G1R 5H1

6. DEFINITIONS

Reload centre: a site for the consolidation and storage of products, located near shippers specialized in a given field: timber, wood chips, automobiles, etc. The proximity of the centre allows shippers to use rail transport and to have access to reloading equipment.

Shortline (CFIL in French): a railway that operates what is called a secondary or low-density line, that is linked to a category 1 railway, whose activities include the transport of goods or passengers, and whose shareholders are independent from a large railway (Canadian National, Canadian Pacific, Via Rail, CSX Transportation). The companies that are excluded from the assistance program include the following companies and their subsidiaries: large railways that are generally recognized and known as category 1 companies (Canadian National, Canadian Pacific, VIA Rail, CSX Transportation), mining and industrial companies, commuter rail operators, and railways that are the property of the federal or provincial governments or their agencies.

Railway branch line (or railway spur): a rail line serving a company or group of companies (an industrial park) or a reloading centre, or providing access to a port.

Secondary line: a regional railway that generally provides access to a main line and that has a low density of traffic compared to main lines.

Secondary network: all secondary lines in the rail network.

Rehabilitation: a major improvement of the railway. Usually, the railway has deteriorated to such an extent that trains must travel at slower speeds or maintenance costs have become excessive. In such cases, it is necessary to replace the ballast, to replace more ties than required during a normal cycle of use, and often, to completely replace some or all rails.

Siding: a track adjacent to the main track of a shortline railway that allows trains to meet or pass one another or allows for shunting manoeuvres.