



ASSITANCE PROGRAM FOR MODAL INTEGRATION

Explanatory Document

**Direction du transport maritime,
aérien et ferroviaire
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This explanatory document contains all of the information applicants need to apply for funding under the Assistance Program for Modal Integration. The application form must contain all of the information required for the component to which the application refers. The MTQ reserves the right to request any additional information that may be required in order to analyze the application. **Finally, professional fees for prospecting and assembling the funding application form are not eligible. This applies to all program components.**

This explanatory document includes the following sections:

- Objectives, eligible projects, information requested, eligible expenses, project evaluation criteria and financial contribution
- Project application process
- General information
- Definitions

1. OBJECTIVES, ELIGIBLE PROJECTS, INFORMATION REQUESTED, ELIGIBLE EXPENSES, PROJECT EVALUATION CRITERIA AND FINANCIAL CONTRIBUTION

COMPONENT 1: INTERMODAL, RAIL AND MARINE INFRASTRUCTURES

The goal of this component is to ensure the establishment of interfaces between marine, rail and road transportation networks that will allow for greater complementarity between modes of freight transportation, particularly on domestic and continental routes, encourage the integration of a marine (short sea shipping) or rail segment in domestic and continental freight transport chains and, lastly, promote growth in marine and rail operations.

Eligible projects

- Construction of a railway branch line serving a shipper, an industrial park, a reload centre, an intermodal yard, a marine terminal.
- Construction, development or improvement of a reload centre, an intermodal yard and a terminal allowing for the consolidation, storage and reloading of cargo.
- Construction, development or improvement of marine infrastructures.

Information requested

- Identity of the applicant:
 - Name and address;
 - Business activities and brief history;
 - Project manager's name.
- Detailed description of the project and cost estimate:
 - Detailed specifications and budget for the work or project;
 - Description of the railway line or port covered by the project;
 - Map of the site and the transportation network that serves it;
 - Project or work schedule and opening date for the new facilities.
- Business plan:
 - Current and pro-forma financial statements;
 - Project financing structure, amount requested;
 - Market conditions;
 - Target markets: types of merchandise, target customers, points of origin and destination;
 - Marketing plan.

- Impact of the project:
 - New transportation or handling activity: tonnage or traffic by type of merchandise and by origin/destination;
 - Modal transfer: tonnage and number of truck trips transferred from road to another mode;
 - Reduction in social costs of transportation operations: highway safety, road network maintenance costs, greenhouse gas emissions, etc.;
 - Competitiveness of shippers, users, carriers, and other enterprises affected by the project;
 - Assessment of the impact of the project on the competitiveness of Québec's transportation network.
- Demonstration that the project meets the evaluation criteria.

Eligible expenses

- Site development.
- Construction of the railway and preparation of the infrastructure.
- Construction, development or improvement of buildings, areas or reservoirs reserved for the reloading or storage of cargo.
- Acquisition and installation of reloading equipment.
- Construction, development or improvement of wharves.
- Environmental and engineering studies.
- Production of drawings and specifications.
- All other expenses deemed relevant in relation to program objectives.

Non-eligible expenses: land acquisitions, decontamination, establishment or development of smart transportation systems, relocation of marshalling yards.

Project evaluation criteria

- Economic, financial and logistical benefits and interest of the project for the shipper(s).
- Short-term increase in marine and rail transportation activities.
- Project's contribution to the integration of a marine or rail segment in domestic and continental transportation chains.
- Project's contribution to the reduction in social and environmental costs of transportation operations, particularly in terms of highway safety and road network maintenance and preservation costs.
- Project's contribution to safeguarding or improving the competitiveness of infrastructures deemed important for the transportation system and regional economy.
- The project should not displace an operation between ports, terminals or reloading centres in Québec, unless it has been determined that such displacement is desirable with regard to reduction objectives targeting the environmental and social costs of transportation operations.
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

- The program's financial contribution is set at a maximum of 50% of eligible expenses associated with the project.
- The applicant's financial contribution must correspond to at least 33% of eligible expenses associated with the project.
- In cases where the project benefits from financial contributions from other gouvernement du Québec organizations in relation to eligible project expenses, these sums will be deducted from the program's financial contribution.
- In cases where the project benefits from a financial contribution from the Government of Canada in relation to eligible expenses, the MTQ reserves the right to adjust the program's financial contribution.

COMPONENT 1.1: MAINTENANCE OF RAIL TRANSPORTATION INFRASTRUCTURES

1.1 A) REHABILITATION OF RAIL INFRASTRUCTURES OPERATED BY SHORTLINE RAILWAYS

The aim of this component is to ensure the maintenance of rail infrastructures in Québec to ensure the integrity of the province's transportation network and system and improve the state and functionality of rail infrastructures operated by publicly owned shortline railways.

Eligible projects

- Rehabilitation of the railway and structures
- Construction or development of a siding
- Construction or development of a railway branch line

Information requested

- Identity of the applicant:
 - Name and address;
 - Brief history of the railway company;
 - Description of the rail network or railway line;
 - Map of the network or railway line;
 - Location of current shippers;
 - Merchandise traffic (tonnage, types of merchandise, origin, destination) for each subdivision of the rail network or railway line;
 - Project manager's name.
- Detailed report of the condition of the railway and structures as well as the speed limits imposed, where applicable.
- Description of the capital project and detailed estimate of associated costs:
 - Detailed specifications for the work, whether to be carried out by force account or under contract, approved by a subject matter expert;
 - Work schedule.
- Presentation of the maintenance and rehabilitation program for the shortline railway's tracks and structures, if one exists, indication of maintenance and rehabilitation expense amounts for the past two years, and demonstration that the capital project for which financial assistance is requested is in line with the program.
- Demonstration that the project meets program evaluation criteria.
- Demonstration that the company has good growth and profitability prospects and that the project will have an impact on its operations:
 - location of potential shippers, if applicable;
 - financial statements (income statement, balance sheet, evolution of the financial situation).

Eligible expenses

- Rehabilitation of the railway and structures
Rehabilitation concerns the major restoration of a railway and its structures (bridges and culverts) with the objective of increasing the useful life span and bearing capacity of the infrastructure. Normally, the state of deterioration of the railway is such that trains must be operated at lower speeds or maintenance costs become excessive. The ballast then needs to be replaced, along with a greater number of crosspieces than normally required in an operating cycle, and most likely the tracks as well, in whole or in part.
- Inspection of bridges.
- Construction or rehabilitation of a siding or railway branch line.
- Environmental and engineering studies.
- Production of drawings and specifications.
- All other expenses deemed relevant in relation to program objectives.

The work can be completed by force account or under contract.

Non-eligible expenses: land acquisitions, decontamination, intelligent transportation systems, relocation of marshalling yards.

Project evaluation criteria

- Project's contribution to safeguarding or improving infrastructures deemed important for the transportation system and regional economy.
- Safety of railway operations.
- Economic, financial and logistical benefits and interest of the project for the shipper(s).
- Short-term increase in rail transportation operations.
- Project's contribution to the integration of a rail segment in domestic and continental transportation chains.
- Project's contribution to the reduction in social and environmental costs of transportation operations, particularly in terms of highway safety and road network maintenance and preservation costs.
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

The financial contribution will be determined by the MTQ using a project analysis based on the work presented under component 1.1 A) "Rehabilitation of rail infrastructures operated by shortline railways" of this program.

- The program's financial contribution is set at a maximum of 66 2/3% of eligible expenses associated with the project.
- The applicant's financial contribution must correspond to a minimum of 33 1/3% of eligible expenses associated with the project.
- In cases where the project benefits from financial contributions from other gouvernement du Québec organizations in relation to eligible project expenses, these sums will be deducted from the program's financial contribution.
- In cases where the project benefits from a financial contribution from the Government of Canada in relation to eligible expenses, the MTQ reserves the right to adjust the program's financial contribution.

1.1 B) EMERGENCY INTERVENTION NECESSARY FOR THE MAINTENANCE OF RAIL TRANSPORTATION OPERATIONS

The aim of this component is to allow for a rapid intervention in the event of unexpected major accidents such as landslides, flooding, etc., and to maintain or restore the rail transportation operations that may be disrupted due to these accidents.

Eligible projects

- Rehabilitation of the railway and structures.

Information requested

- Identity of the applicant:
 - Name and address;
 - Brief history of the railway company;
 - Description of the rail network or railway line;
 - Map of the network or railway line;
 - Location of current shippers;
 - Merchandise traffic (tonnage, types of merchandise, origin, destination) for each subdivision of the rail network or railway line;
 - Project manager's name.
- Detailed report of the condition of the railway and structures as well as the speed limits imposed, where applicable.

- Description of the capital project and detailed estimate of associated costs:
 - Detailed specifications for the work, whether to be carried out by force account or under contract, approved by a subject matter expert;
 - Work schedule.
- Presentation of the maintenance and rehabilitation program for the shortline railway's tracks and structures, if one exists, indication of maintenance and rehabilitation expense amounts for the past two years, and demonstration that the capital project for which financial assistance is requested is in line with the program.
- Demonstration that the project meets program evaluation criteria, in particular with respect to the urgency of the situation and the need to safeguard the infrastructure.
- Demonstration that the company has good growth and profitability prospects and that the project will have an impact on its operations:
 - location of potential shippers, if applicable;
 - financial statements (income statement, balance sheet, evolution of the financial situation).

Eligible expenses

- Expenses associated with the rehabilitation or reconstruction of the railway and structures not covered by the shortline railway's insurance plan.
- Environmental and engineering studies.
- Production of drawings and specifications.
- All other expenses deemed relevant in relation to program objectives.

The work can be completed by force account or under contract.

Project evaluation criteria

- Urgency of the situation with regard to the safeguard of the infrastructure deemed important to the transportation system and regional economy.
- Economic, financial and logistical benefits and interest of safeguarding the infrastructure for the shortline railway's transportation operations and for the shipper(s).
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

The financial contribution will be determined by the MTQ using a project analysis and based on the work presented under component 1.1 B) "Emergency intervention necessary for the maintenance of rail transportation operations" of this program.

- The program's financial contribution is set at a maximum of 50% of eligible expenses associated with the project for privately owned shortline railways and 100% for publicly owned shortline railways, up to a maximum contribution of \$500,000 per project, per year.
- The applicant's financial contribution must correspond to a minimum of 50% of eligible expenses associated with the project for privately owned shortline railways.
- In cases where the project benefits from financial contributions from other gouvernement du Québec organizations in relation to eligible project expenses, these sums will be deducted from the program's financial contribution.
- In cases where the project benefits from a financial contribution from the Government of Canada in relation to eligible expenses, the MTQ reserves the right to adjust the program's financial contribution.

COMPONENT 2: PILOT PROJECTS

The aim of this component is to support the completion of projects to test new logistical, commercial or technical marine, rail and intermodal freight transportation solutions and improve the transportation supply to better meet shippers' needs.

Eligible projects

- Short sea shipping test.
- Rail or intermodal transportation test.
- Testing of new technological applications associated with the transportation, handling and storage of cargo.
- Ship modifications as part of modal integration projects for freight transportation and allowing for the reduction of road network maintenance and preservation costs and road safety hazards in the short term.

Information requested

- Identity of the applicant:
 - Name and address;
 - Business activities and brief history;
 - Project manager's name.
- Detailed description of the project and cost estimate:
 - Detailed project specifications and budget;
 - Description of the railway line or port covered by the project;
 - Map of the site and the transportation network that serves it;
 - Project schedule and opening date for the new facilities.
- Business plan:
 - Current and pro-forma financial statements;
 - Project financing structure, amount requested;
 - Market conditions;
 - Target markets: types of merchandise, target customers, points of origin and destination;
 - Marketing plan.
- Impact of the project:
 - Demonstration of a new logistical, commercial or technical solution;
 - New transportation or handling activity: tonnage or traffic by type of merchandise and by origin/destination;
 - Modal transfer: tonnage and number of truck trips transferred from road to another mode;
 - Reduction in social costs of transportation operations: highway safety, road network maintenance costs, greenhouse gas emissions, etc.;
 - Competitiveness of shippers, users, carriers, and other enterprises affected by the project;
 - Assessment of the impact of the project on the competitiveness of Québec's transportation network.
- Demonstration that the project meets the evaluation criteria.

Eligible expenses

- Rental of infrastructures and reloading equipment.
- Rental or charter of ships, barges or railroad facilities.
- Rates of transportation or handling companies.
- Professional fees associated with the project's design, planning, completion or monitoring.
- All other expenses deemed relevant in relation to program objectives.

Project evaluation criteria:

- Aside from the criteria for Component 1, the project's potential to make new sustainable and competitive logistical, commercial or technical solutions in marine, rail and intermodal transportation available to shippers.
- The project should not displace an operation between ports, terminals or reloading centres in Québec, unless it has been determined that such displacement is desirable with regard to reduction objectives targeting the environmental and social costs of transportation operations.
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

- The program's financial contribution is set at a maximum of 50% of eligible expenses associated with the project, up to a maximum contribution of \$500,000 per project, per year.
- The applicant's financial contribution must correspond to at least 33% of eligible expenses associated with the project.
- In cases where the project benefits from financial contributions from other gouvernement du Québec organizations in relation to eligible project expenses, these sums will be deducted from the program's financial contribution.
- In cases where the project benefits from a financial contribution from the Government of Canada in relation to eligible expenses, the MTQ reserves the right to adjust the program's financial contribution.

COMPONENT 3: STUDIES

The aim of this component is to increase or improve the transportation service supply and improve the ecobalance of transportation activities. This component also aims to establish or improve techniques and technologies to increase the competitiveness of the transportation sector.

Eligible projects

- Feasibility study.
- Market study.
- Business plan.
- Master or development plan.
- Strategic development plan.

Information requested

- Identity of the applicant:
 - Name and address.
 - Business activities and brief history.
 - Project manager's name.
- Detailed description of the project and cost estimate:
 - Detailed description of goals, the methodology and anticipated results of the project.
- Project financing structure, amount requested.
- Project schedule.
- Demonstration that the project meets the evaluation criteria.

Eligible expenses

- Professional fees.
- Acquisition of data necessary to the project's completion.
- Purchase or rental of specialized and specific project equipment.

Project evaluation criteria

- The project must meet the needs of current and potential users in the short term.

- The project must bring new elements to the current state of knowledge in the targeted research field.
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

- The program's financial contribution is set at a maximum of \$50,000 per project.
- When the applicant maintains control over the survey report's distribution, the program's financial contribution may reach up to 20% of eligible expenses associated with the project. The applicant's contribution must then reach at least 50% of eligible expenses.
- When the survey report is published at the end of the project, the program's financial contribution may reach up to 50% of eligible expenses associated with the project. The applicant's contribution must then reach at least 25% of eligible expenses.
- In cases where the project benefits from financial contributions from other gouvernement du Québec organizations in relation to eligible project expenses, these sums will be deducted from the program's financial contribution.
- In cases where the project benefits from a financial contribution from the Government of Canada in relation to eligible expenses, the MTQ reserves the right to adjust the program's financial contribution.

COMPONENT 4: PROMOTION OF THE MARINE AND RAIL MODES

The aim of this component is to support initiatives aiming to promote the increased use of the marine and rail modes of freight transportation, to support initiatives to promote, to the market outside Québec, the increased use of the St. Lawrence Seaway for international cruises, day cruises and pleasure boating and, finally, to support initiatives that promote the management of railway, marine and harbour operations in the context of sustainable development.

Eligible projects

- Missions outside Québec.
- Participation in international trade shows.
- Organization of events.
- Production of promotional material.

Information requested

- Identity of the applicant:
 - Name and address;
 - Business activities and brief history;
 - Project manager's name.
- Detailed description of the project and cost estimate:
 - Detailed description of the objectives and anticipated results of the project.
- Project financing structure, amount requested.
- Project schedule.
- Demonstration that the project meets the evaluation criteria.

Eligible expenses

- Expenses incurred in the production and distribution of promotional material.
- Expenses incurred in the organization of a promotional event (room rental, video, etc.).

Project evaluation criteria

- The project should not displace any operations between ports on the St. Lawrence River.
- Maximization of the impact on the achievement of targeted goals for the increased use of rail transportation and its management with a view to sustainable development.
- Maximization of the impact on key players in the rail mode and those that could benefit from the latter.
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

The program's contribution is set to ensure that the gouvernement du Québec's (government departments and organizations) participation will be equal to a maximum of 50% of eligible expenses (after deducting the contributions from federal government departments and organizations).

COMPONENT 5: PROMOTION OF MARINE TRANSPORTATION AND THE ST. LAWRENCE

The aim of this component is to support initiatives to better inform the population of Québec of the importance of the St. Lawrence River and marine transportation in their daily lives and support initiatives to raise awareness of the benefits of marine transportation in terms of sustainable development.

Eligible projects

- Production and distribution of informative materials and tools.
- Production of events.

Information requested:

- Identity of the applicant:
 - Name and address;
 - Business activities and brief history;
 - Project manager's name.
- Detailed description of the project and cost estimate:
 - Detailed description of the objectives and anticipated results of the project.
- Project financing structure, amount requested.
- Project schedule.
- Demonstration that the project meets the evaluation criteria.

Eligible expenses

- Expenses incurred in the production and distribution of informative materials, tools and events.

Project evaluation criteria

- The anticipated results regarding the ability to improve the population of Québec's awareness according to the objectives of the project.
- The project's integration and consistency with the Marine Transportation Policy.
- Projects that meet the promotion objectives of the communication plan as adopted by the Marine Industry Forum will be given priority.
- All other criteria deemed relevant in relation to program objectives.

Financial contribution

The program's contribution is set to ensure that the gouvernement du Québec's (government departments and organizations) participation will be equal to a maximum of 50% of eligible expenses (after deducting the contributions from federal government departments and organizations).

2. PROJECT APPLICATION PROCESS

For Component 1: Intermodal, rail and marine infrastructures:

- The MTQ will launch a call for proposals at least once per year; subject to the availability of funds;
- The deadlines for submitting projects will be specified in the calls for proposals.

For all other components: component 1.1 Maintenance of rail transportation infrastructures, component 2 Pilot projects, component 3 Studies, component 4 Promotion of the marine and rail modes and component 5 Promotion of marine transportation and the St. Lawrence.

- Projects are receivable at all times.

All others projects must go through the following steps:

- An applicant looking to submit a project to the assistance program must fill out the subsidy application form reserved for this purpose and submit an application based on the parameters established in this explanatory document.
- Projects will be analyzed by the MTQ based on the specific objectives and evaluation criteria of the corresponding component.
- The MTQ will announce the projects selected and the grant amounts.
- An agreement will be signed by the MTQ and the applicant. This agreement will contain various terms and conditions, including the following:
 - Cost of eligible work, as well as the date from which expenses can be eligible (grant date or other);
 - Work schedule;
 - Amount of the government financial contribution granted for the completion of work;
 - Terms and conditions of the government's financial contribution and commitments of the parties;
 - Payment terms for the contribution and work start and end dates;
- At the end, the work or project will be inspected or controlled by a representative of the MTQ and the latter's financial contribution will be paid out upon receipt of supporting documents.

3. GENERAL INFORMATION

For component 1 of the program, the calls for proposals will be announced in a press release published through the multimedia communications network of CNW Telbec at www.cnwtelbec.ca/fr/ and on the MTQ's website at www.mtq.gouv.qc.ca/fr/index.asp.

The Assistance Program for Modal Integration document, the *Funding Application Guide*, and the "Application Form" can also be downloaded from the MTQ's website.

All applications for funding must be sent to:

Direction du transport maritime, aérien et ferroviaire
Ministère des Transports du Québec
700 René-Lévesque Boulevard East, 24th floor
Québec, Québec G1R 5H1

4. 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.
- **Marshalling yard:** Site where railway cars are sorted and assembled into trains.
- **Intermodal yard:** Set of buildings and facilities for accessing, loading, and unloading different modes or means of transportation.
- **Railway branch line (or railway spur):** A rail line serving a company or group of companies (an industrial park) or a reload centre, or providing access to a port.
- **Terminal:** Loading, unloading or reloading facility, where passengers or cargo depart or arrive.

5. SUBSIDY APPLICATION FORM (see Documentation section. Only the form in French may be submitted)