

CITY OF WINCHESTER, VIRGINIA

CITY COUNCIL AGENDA ITEM

CITY COUNCIL MEETING OF: October 27, 2015

RESOLUTION ORDINANCE DESCRIPTION/PRESENTATION

ITEM TITLE: Resolution for Support by the Winchester Common Council for the Utilization of Industrial Access Railroad Track Funds for Trex Company Inc.

PUBLIC HEARING DATE:

The initiating Department Director will place below, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

Review:

Kimberly L. Murray	Completed	10/21/2015 3:17 PM
Perry Eisenach	Completed	10/21/2015 3:23 PM
Anthony Williams	Completed	10/22/2015 2:39 PM
Eden Freeman	Completed	10/22/2015 3:02 PM

Approved as to form:

Kimberly L. Murray

Kimberly L. Murray, Economic Redevelopment Director 10/21/2015

By: 

Winchester
office of the
city attorney *Virginia*

Anthony C. Williams, City Attorney
Office of the City Attorney
15 N. Cameron Street, Suite 313
Winchester, VA 22601
Phone: 540-667-1815, x 1433
Fax: 540-667-2259


Eden Freeman, City Manager 10/22/2015

CITY COUNCIL ACTION MEMO

To: Honorable Mayor and Members of City Council
From: Kimberly Murray, Economic Redevelopment Director
Date: October 27, 2015
Re: Resolution for Support by the Winchester Common Council for the Utilization of Industrial Access Railroad Track Funds for Trex Company Inc.

THE ISSUE: Trex Company, Inc. and the Commonwealth of Virginia's Department of Rail and Public Transportation are requesting a resolution of support from the Winchester City Council for an application to the Industrial Access Railroad Track Funds for \$300,000 toward the installation of a sidetrack and two additional tracks for storage, loading, and unloading of materials. The estimated total project cost of the rail project is \$2,713,000 with the goal to be operational in 2016.

RELATIONSHIP TO STRATEGIC PLAN: Goal 1: Encourage Sustainable Economic Growth and Partnerships through Business and Workforce Development

BACKGROUND: Trex Company, Inc. is expanding its manufacturing operations in the City as well as in Frederick County and it has now become feasible to construct a rail spur at the Frederick County facility located at 3229 Shawnee Drive to support their composite decking sales and recycled plastic pellet sales. The Department of Rail and Public Transportation desires support of the application from both the City and the County as Trex's expansion plans of capital investment and job creation encompasses both facilities. Trex has already invested \$12.3 million in capital investment at the city location at 181 Battaile Drive and has already begun hiring the additional 89 jobs spanning the next two years. The installation of the rail spur is a critical piece of their expansion.

BUDGET IMPACT: None.

OPTIONS: Council may approve the resolution to support the Industrial Access Railroad Tracks Program Application, decline the resolution, or provide comments to Trex and the Virginia Department of Rail and Public Transportation.

RECOMMENDATIONS: City Staff recommends the approval of the attached Resolution to support the growth and expansion of Trex Company, Inc.

**RESOLUTION FOR SUPPORT BY THE WINCHESTER COMMON COUNCIL
FOR THE UTILIZATION OF INDUSTRIAL ACCESS RAILROAD TRACK
FUNDS FOR TREX COMPANY INC.**

WHEREAS, the Winchester Common Council desires to create a positive business environment and encourages sustainable economic growth and partnerships through business and workforce development;

WHEREAS, Trex Company, Inc. has expressed its intent and desire to the Winchester Common Council to expand its manufacturing operations in the City as well as in Frederick County and grow its workforce over the next three years, and has invested \$12.3 million in the 181 Battaile Drive facility located in the City, and has begun hiring the additional 89 jobs at that location over the next two years;

WHEREAS, Trex and its operation will require rail access and intends to install a side track and two additional tracks for storage, loading, and unloading of materials located at 3229 Shawnee Drive in Frederick County as part of their expansion with an approximate investment of \$2,713,000;

WHEREAS, Trex has reported to the Winchester Common Council their intent to apply for Industrial Access Railroad Track Funds from the Commonwealth of Virginia's Department of Rail and Public Transportation in the amount of \$300,000;

WHEREAS; Trex has requested that the Winchester City Council provide a resolution supporting its application for said funds which are administered by the Virginia Department of Rail and Public Transportation; and

WHEREAS, the Department of Rail and Public Transportation has requested support from both localities due to the cross jurisdiction of this project.

NOW THEREFORE BE IT RESOLVED, that the Winchester Common Council of the City of Winchester hereby endorses and supports the application of Trex Company, Inc. for \$300,000 in Industrial Access Railroad Track Funds.

**Department of Rail and Public Transportation
Industrial Access Railroad Tracks Program Application**

Application Date: September 3, 2015

Applicant: Trex Company, Inc.

Description of Applicant's Organization (City, County, Economic Development Authority, Etc.): Corporation with headquarters and a manufacturing plant in the City of Winchester, Frederick County

Industry/Business to be served by the proposed Industrial Access Track: Trex Company, Inc. in support of composite decking sales and recycled plastic pellet sales

Contact Person

Name: Frank Klepeisz

Title: Director of Logistics

Phone Number: 540-542-6334

Email Address: fklepeisz@trex.com

Address: 160 Exeter Drive

Winchester, VA 22603

Proposed or Existing Location:

Trex Winchester Plant

3229 Shawnee Drive

Winchester, VA 22602

Project Description:

This project will provide for the installation of a sidetrack and two additional tracks for storage, loading, and unloading of materials. This will include the installation of three rail switches – one installed on the mainline and two on our tracks. The project will include all the earthwork, Sub-Ballast, and Ballast required to install the rails.

Additionally, the project will provide for rain and storm water runoff control, as well as paving around the rails to allow for access and staging of materials.

Length of proposed Track: 4438 ft center line Estimated Cost: \$2,713,000

Requested amount of Industrial Rail Access Funds: \$300,000

The approximate capital outlay to construct and equip the proposed new facility:

\$3,000,000

Estimated annual number of carloads already handled on existing tracks:

95

Estimated annual number of carloads to be handled on the proposed new track:

250

Rail carloads as percentage of overall inbound/outbound traffic (forecasted estimated for first three years after project completion): 6%

If a new industry, the estimated number of people to be employed:

If an existing industry, the number of people currently employed: 361

And the estimated additional employment to be created by the expansion: 125

Railroad that will serve the business/industry: CSX

Planning, Design, and Engineering Completion: 6/15/15

Construction Start Date: 12/15/15

Construction Completion Date: 7/1/16

The following documentation is to be included with the application:

1. Resolution from the Local Governing Body supporting the project and requesting the Rail Industrial Access Funds.
2. Location sketch showing the location of the site on an area map.
3. Drawing of the proposed track project showing the clear point(s).
4. Signed applicant/industry certification.
5. A company W-9 with federal ID number/EIN.
6. Documentation that the railroad owning the main line to which the proposed access track will connect has agreed to:
 - A. Serve the industry or business;
 - B. Approve and/or participate in the construction of the proposed access track;
 - C. Making the facilities available for use by all common carriers using the railway system to which the industrial access track connects;
7. Background information about the business

Trex Company, Inc.

Summary

Trex Company is the world's number one decking and railing company, and leader in high-performance, low-maintenance outdoor living products with more than 20 years of experience. Recognized for its quality, aesthetics and green principles by industry professionals, Trex® is sold in more than 6,700 retail locations in 42 countries worldwide. The wood-alternative decking is high-performance, capped composite made from 95% recycled materials and comes with a 25-Year Fade and Stain Warranty. In addition to decking and railing, Trex also offers Elevations Steel Deck Framing, Outdoor Lighting, Outdoor Storage, Pergolas, Furniture and Fencing. All Trex products are designed to be high-performance, low maintenance and environmentally responsible. Trex decking and railing are made in the U.S. in Winchester, Virginia, where the company is headquartered, and in Fernley, Nevada.

In the 20 years the Trex Company has been located in Winchester, VA, customer orders for our decking product requested to be shipped via railcars have been loaded via a third party transloader. This was done at a fairly significant cost to our customers, however, due to the volume, it was decided to be the best course of action.

In 2015, Trex entered into a new business in which plastic pellets are produced from recycled plastic. These plastic pellets are then sold to customers to use in place of virgin plastic thereby providing an economical and environmentally beneficial alternative. These customers, however, are accustomed to receiving their product via railcar.

Looking at our total business, it now becomes feasible to construct a rail spur at our Winchester plant to accommodate both of these businesses. We expect the following benefits from this rail spur...

- Support to our new pellet business which will add 80 jobs over the next two years
- A less expensive rail alternative to our decking customers which should increase the number of rail car orders and expand the area we service via rail (expectation is we will service our Midwestern US customers more via rail when the transloading cost is eliminated)

The goal is to have the rail spur operational in 2016.

Applicant/Industry Certification

Trex Company, Inc.

Trex Company, Inc. hereby certifies to the Commonwealth of Virginia that the Applicant will provide the Right-of-Way for and assume liability of any railroad tracks and associated facilities, financed by the Railroad Industrial Access Fund, that are built on its Frederick County plant site and subsequent operations. This includes any claims or attempts to hold liable the Commonwealth of Virginia, for any matter concerning the tracks, as a result of the Commonwealth's Contingent Interest in the tracks.

Also, Trex Company, Inc. agrees to assume sole responsibility for the continuous maintenance of tracks financed by the Railroad Industrial Access Fund.



Signature

J. E. Cline

Printed Name

President and CEO

Title

August 25, 2015

Date

Request for Taxpayer Identification Number and Certification

Give form to the
 requester. Do not
 send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return) Trex Company Inc	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input checked="" type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see Instructions) ▶	
	Address (number, street, and apt. or suite no.) 160 Exeter Drive	Requester's name and address (optional)
	City, state, and ZIP code Winchester VA 22603	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number	
or	
Employer identification number	
54	1910453

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶ 1/13/15
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

CSX
TRANSPORTATION
Todd Faulkner
Reg. Mgr. Site Design
Regional Development

1610 Forest Ave, Suite 120
Richmond, VA 23288
(804)226-7509
E-mail: Todd_Faulkner@CSX.com

Sept. 1, 2015

Mr. Jeremy Latimer
Manager of Rail Industrial Access Programs
Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, Virginia 23219

Dear Mr. Latimer

Trex Company, Inc. will apply for the Virginia Industrial Access Railroad Fund for the construction of industrial railroad tracks in Winchester, Virginia. A preliminary sidetrack design has been discussed and when the final drawings are submitted and approved by CSX Transportation, Inc. (CSXT) a sidetrack agreement between Trex Company, Inc. and/or its nominee and CSXT will be executed.

CSXT is aware of the provision of the Code of Virginia, Section 33.1-22.1:1F which provides for common carrier access of tracks constructed or rehabilitated with Industrial Access Railroad Funds. Currently, CSXT will be the only railroad connecting with the track to serve Trex Company, Inc.. However, it is understood that if, in the future, another common carrier constructs trackage to connect with the sidetrack or obtains trackage rights over CSXT's mainline tracks that would enable it to provide service to Trex Company, Inc.'s facility, it will have access to and be entitled to use the sidetrack.

CSXT recommends the use of Industrial Access Railroad funds for the construction of the sidetrack facility to serve Trex Company, Inc. in Winchester, Frederick County, Virginia. CSXT will serve Trex Company, Inc., on this sidetrack once the site plan is approved, constructed, inspected and a sidetrack agreement is duly executed.

Respectfully,



Todd Faulkner
Regional Mgr. Site Design

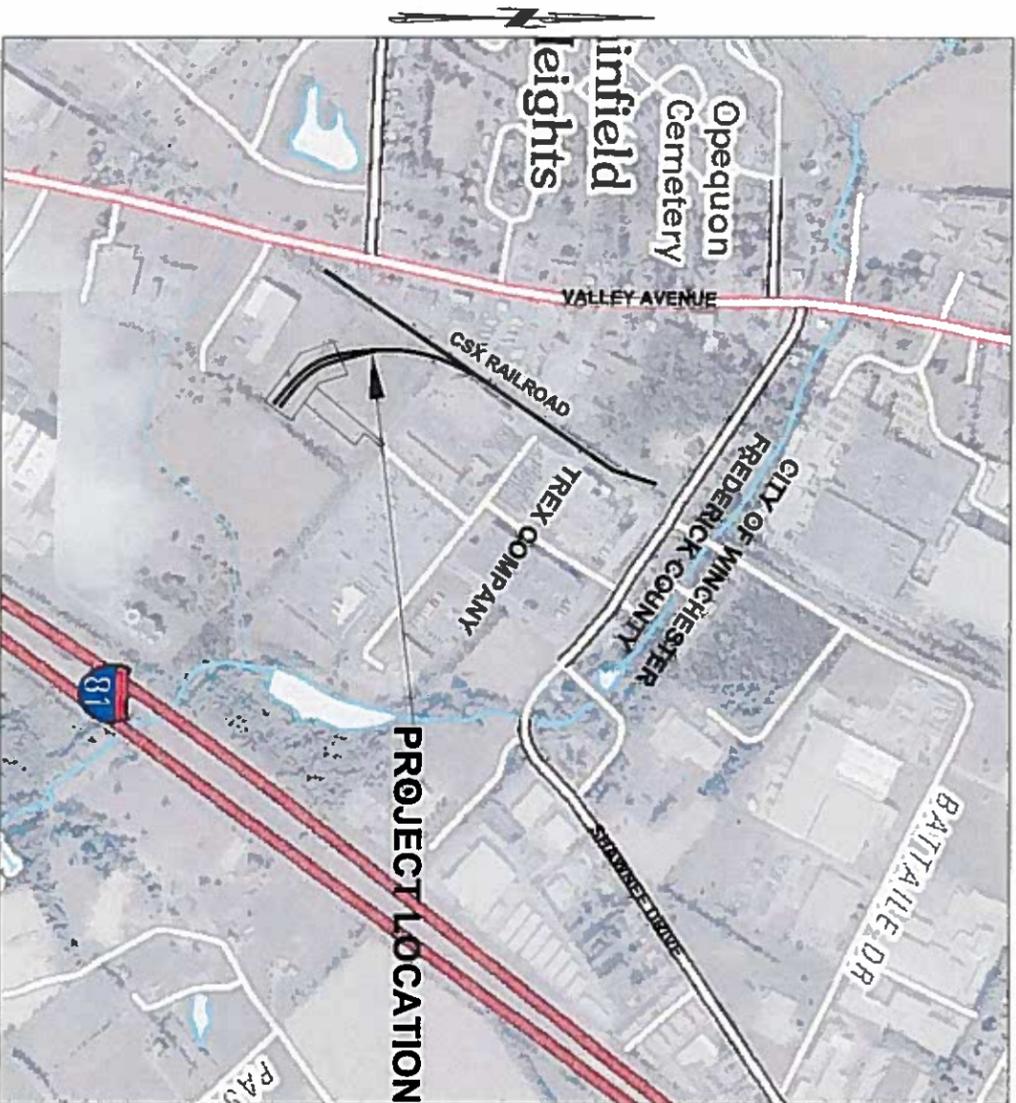
CONSTRUCTION PLAN FOR TREX COMPANY RAIL EXTENSION

FREDERICK COUNTY, VA SHAWNEE MAGISTERIAL DISTRICT

DEVELOPER
TREX COMPANY, INC.
 3229 SHAWNEE DRIVE
 WINCHESTER, VA 22602
 PHONE (540) 542-6852

LAND OWNER
TREX COMPANY, INC.
 3229 SHAWNEE DRIVE
 WINCHESTER, VA 22602
 PHONE (540) 542-6852

ENGINEER
STOWE ENGINEERING, PLC
 103 HEATH COURT
 WINCHESTER, VA 22655
 PHONE (540) 686-7373



SCALE 1" = 2000'

LEGEND

SHEET INDEX

- 1 TITLE SHEET
- 1A SURROUNDING PROPERTIES, ROADS AND LAND USES
- 2-2A TYPICAL SECTIONS AND NOTES
- 3 SITE PLAN
- 4 TRACK PLAN STATION 0+00 - 11+00
- 4A GRADING PLAN STATION 0+00 - 11+00
- 4B & C PH 1 & 2 EROSION & SEDIMENT CONTROL
- 5 TRACK PLAN STATION 11+00 - 21+44.81
- 5A GRADING PLAN STATION 11+00 - 21+44.81
- 5B & C PH 1 & 2 EROSION & SEDIMENT CONTROL
- 6 RAIL PROFILE - TRACK 2
- 7 RAIL PROFILE - TRACKS 3 AND 4
- 8 STORM COMPUTATIONS
- 9 STORM PROFILES
- 10 STORM WATER MANAGEMENT PLAN
- 11 BIORETENTION PLAN AND DETAILS
- 11A BIORETENTION DETAILS
- 12 EROSION & SEDIMENT CONTROL NARRATIVE AND DETAILS
- 13 EROSION AND SEDIMENT CONTROL DETAILS
- 14 DETAILS

UTILITY SERVICE PROVIDERS

WATER AND SEWER
FREDERICK CO. SANITATION AUTH.
 P.O. BOX 1877
 WINCHESTER, VA 22604-8377
 540.868.1061

ELECTRICITY
RAPPAHANNOCK ELECTRIC COOP
 137 KELLEY COURT
 FRONT ROYAL, VA 22630
 800.552.3904

TELEPHONE
VERIZON
 404 HILLDALE LANE
 WINCHESTER, VA 22602
 540.665.3153

PROPERTY INFORMATION

Proposed Project Description	Property Identification Number (PIN)	Trex Company, Inc. Rail siding and rail storage	Trex Company, Inc. Composite decking manufacturing and rail siding
Total Area (Ac)	63 A 87	11.83	63 A 110
Developed Area (Existing Ac)		0.00	56.02
Developed Area (after this project Ac)		5.49	56.02
Woodlands Disturbed (%)		0.00	0.00
Zoning		M2	M2
Existing Use		Industrial	Industrial
Proposed Use		Industrial	Industrial

EXISTING FEATURES

BEER COUNTER	--- 490 ---
COUNTOUR	---
WATER LETTER	●
WATER LINE	—
SEWER MAINHOLE	○
SANITARY PIPE	—
FENCE	—
GAS LINE	—
OVERHEAD W/TINES	—
POLE	—
TREE	⊗
TREELINE	—
GRAVEL	—
PAVEMENT	—

PROPOSED FEATURES

PROPOSED BEER COUNTER	--- 860 ---
PROPOSED COUNTOUR	---
WATER LETTER	●
WATER LINE	—
SANITARY MAINHOLE	○
SANITARY PIPE	—
SANITARY LATERAL	—
PAVEMENT	—
LIMITS OF CONSTRUCTION	---

FREDERICK CO., VA APPROVAL



TITLE SHEET
TREX COMPANY, INC.
SHAWNEE MAGISTERIAL DISTRICT
FREDERICK COUNTY, VIRGINIA

STOWE ENGINEERING, PLC

103 Heath Court
 Winchester, VA 22602
 (540) 686-7373
 fax (540) 301-1100

REVISIONS

NO.	DATE	DESCRIPTION	BY
1	6/15/15	agency review comments	

APPROVED BY:	DATE: MAR 24, 2014
DESIGNED BY: TS	SCALE: AS SHOWN
DRAWN BY: TS	CHECKED BY: TS
PROJECT #: 1109.0	SHEET 1

PLAN VALID FOR FIVE YEARS FROM APPROVAL DATE.

