

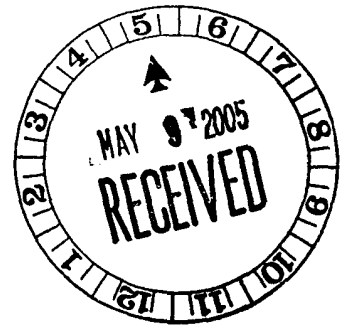
213951



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY
GOVERNOR

LYNDO TIPPETT
SECRETARY



May 9, 2005

ENTERED
Office of Proceedings

VIA ELECTRONIC FILING

MAY 10 2005

Honorable. Vernon A. Williams
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Part of
Public Record

Re: *Rocky Mount & Western Railroad Co., Inc. – Abandonment Exemption
Nash County, North Carolina
Docket No. AB-883 (Sub-No. 1X)*

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a supplemental Offer of Financial Assistance of the North Carolina Department of Transportation dated May 9, 2005. A check in the amount of \$1,200 representing the appropriate fee has already been forwarded. As a state agency we have requested a waiver and remittance of these fees. As no fee is required, the Supplemental Offer is eligible for electronic filing.

If you have any questions regarding this filing, please feel free to contact me.
Thanks you for your assistance in this matter.

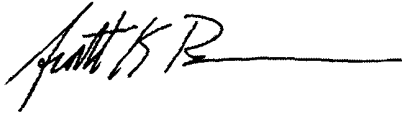
MAILING ADDRESS:
NC DEPARTMENT OF TRANSPORTATION
RAIL DIVISION
1553 MAIL SERVICE CENTER
RALEIGH NC 27699-1553

TELEPHONE: 919-733-4713
FAX: 919-715-6580

WEBSITE: WWW.BYTRAIN.ORG

LOCATION:
TRANSPORTATION BUILDING
1 SOUTH WILMINGTON STREET
RALEIGH NC

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Anthony K. R.", followed by a horizontal line.

Attachments

cc: Rocky Mount & Western Railroad Co., Inc.
Rose-Michele Nardi, Esq.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Docket No. AB-883 (Sub-No. 1X)



**ROCKY MOUNT AND WESTERN RAILROAD CO., INC.
ABANDONMENT EXEMPTION
NASH COUNTY, NORTH CAROLINA**

SUPPLEMENTAL OFFER OF FINANCIAL ASSISTANCE

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

By: Scott Beaver
Assistant Attorney General

1 South Wilmington Street
Raleigh, North Carolina 27601
(919) 733-3316
(919) 733-9329 (fax)

Dated: May 9, 2005

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Docket No. AB-883 (Sub-No. 1X)

**ROCKY MOUNT AND WESTERN RAILROAD CO., INC.
ABANDONMENT EXEMPTION
NASH COUNTY, NORTH CAROLINA**

SUPPLEMENTAL OFFER OF FINANCIAL ASSISTANCE

Pursuant to 49 C.F.R. § 1152.27 (c)(2), the North Carolina Department of Transportation (NCDOT), a state governmental agency with legislative authority to provide financial and technical assistance to freight railroads pursuant to N.C. Gen. Stat. § 136-44.36 *et seq.*, hereby files the following Supplemental Offer Of Financial Assistance to purchase the approximately 4.7 route miles of railroad line between milepost 134.8 at or near Momeyer and milepost 139.5 at or near Spring Hope in Nash County, North Carolina owned by the Rocky Mount & Western Railroad.

This Offer of Financial Assistance supplements and amends a previous offer submitted April 8, 2005. At the time the previous Offer of Financial Assistance was submitted the information requested in accordance with 49 C.F.R. 1152 had not been yet been provided to the NC Department of Transportation by the Gulf & Ohio Railways pending the results of a track appraisal completed by the consulting firm RL Banks. The results of the RL Banks track appraisal and a track rehabilitation estimate were forwarded to the NC Department of Transportation via email on May 2, 2005.

This is a supplemental offer based on a review of the RL Banks appraisal and the estimate of track rehabilitation costs. In addition since the April 8, 2005 filing the Department conducted another site visit and performed extensive research related to property valuation consulting with Nash County, Carolina Gateways Partnership and the NC Department of Transportation Right of Way Branch.

SUPPLEMENTAL OFFER FOR PURCHASE

Based on the appraisal report completed by RL Banks, track rehabilitation estimate, site visits and additional research and consultation conducted by NCDOT with Nash County, the Carolina Gateways Partnership and the North Carolina Right of Way Branch, the North Carolina Department of Transportation hereby revises its former offer. The following Offer for Financial Assistance revises and supersedes the previous offer. The North Carolina Department of Transportation hereby offers to pay the following to purchase the Rocky Mount & Western Railroad line from milepost 138.4 at or near Momery to milepost 139.5 at or near Spring Hope:

The amount of \$79,273.00 for track and property assuming a fee simple ownership of the entire right of way.

The supplemental offer is based on review of the RL Banks appraisal and NCDOT's independent estimation of the net liquidation (see Appendix A) and additional

research and information regarding the fair market value of the adjacent right of way (see notes Appendix B – Fee Simple Net Liquidation Value and C – NCDOT Adjusted Gross Liquidation Value). Assumptions regarding net liquidation value of track and property are included in Appendix D – Assumptions Track NLV and E – Assumptions Railroad Property. Additionally the offer is based upon determination that the property is free of potentially hazardous materials or other environmental conditions that would warrant a reduction in price purchaser would be willingly to pay. The offer may be influenced by the potential encroachment of Railroad Street on the railroad right of way.

In light of these considerations, Offerors submit that their offer is reasonable and *bona fide*.

THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION IS A
FINANCIALLY RESPONSIBLE PERSON

The North Carolina Department of Transportation is a governmental entity and thus presumed to be financially responsible for purposes of these OFA proceedings. The Secretary of Transportation, who is appointed by the governor, leads the NCDOT. The NCDOT is responsible for planning, providing and maintaining a safe, and efficient transportation system that consists of an extensive highway network, railroads, airports, two state owned ports, ferries, city buses and rural transit.

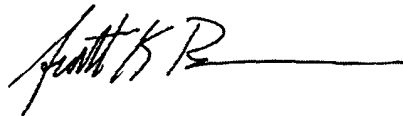
The NCDOT's Rail Division is responsible for developing and maintaining a safe and effective rail system supporting local and statewide economic development. The Rail Corridor Preservation Act, passed by the General Assembly in 1988, gives the

department the power to become directly involved in preserving inactive railroads for
“future rail use and interim compatible uses.”

CONCLUSION AND REQUESTED RELIEF

Whereas, NCDOT respectfully requests that it be deemed a financially responsible person who has offered financial assistance to maintain rail service for future economic development. Based upon this filing the Board is asked to delay or postpone the effectiveness of its decision on this abandonment petition or exemption for abandonment pending further proceedings under 49 C.F.R. Sec. 1152.27 (e)(2).

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

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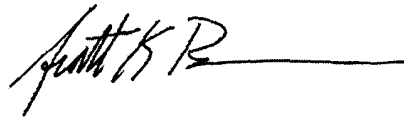
By: Scott Beaver
Assistant Attorney General
1 South Wilmington Street
Raleigh, North Carolina 27601
(919) 733-3316 (voice)
(919) 733-9329 (fax)

Dated May 9, 2005

CERTIFICATE OF SERVICE

I hereby certify that on May 9, 2005 the foregoing SUPPLEMENTAL OFFER OF FINANCIAL ASSISTANCE was served via email and was deposited in the mail for sending by first-class mail, postage prepaid to the following parties:

Rose-Michele Nardi
Weiner, Brodsky Sidman & Kider Pc
1300 19th Street NW 5th Floor
Washington, DC 20036-1609
Attorney for Rocky Mount & Western Railroad Co., Inc.

A handwritten signature in black ink, appearing to read "Scott K. Beaver", followed by a horizontal line.

By: Scott Beaver
Assistant Attorney General
1 South Wilmington Street
Raleigh, North Carolina 27601
(919) 733-3316 (voice)
(919) 733-9329 (fax)

APPENDIX A

Gross Liquidation Value of Rail and Other Track Materials

Turnouts						
	<u>Number</u>				<u>Quantity</u>	
	9	Turnouts	Scrap	Ton	5	
				45	80%	\$ 235 \$
						\$ 8,460 \$
						8,460
						\$ 163,417

<u>Miles</u>		<u>Feet/mile</u>		
4.34		5280		
	Rail & OTM removal (excluding crossings)	Feet		
		22.932	\$	(5.50) \$ (126,126)
<u>Number</u>				
10	Highway crossings	10	\$	(1,500) \$ (15,000)
			\$	(141,126) \$ (141,126)

Net Liquidation Value

Formal Filing

Docket #:

☐ AB

-883

-1X -



Filed For: *	North Carolina Department of Transportation
Filed By: *	Scott K. Beaver
(person who signed doc.)	
Firm / Company: *	North Carolina Department of Transportation
Address: *	1553 MSC, Raleigh NC
Phone: *	919-733-3316
FAX: *	
E-Mail: *	sbeaver@dot.state.nc.us

Filed For:	
Filed By:	
(person who signed doc.)	
Firm / Company:	
Address:	
Phone:	
FAX:	
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(person who signed doc.)	
Firm / Company:	
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E-Mail:	

Created:	2005 May 09 04:57 PM
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Confidential Attachments:

Public Attachments:  - Public_SUPPLEMENTALLOFA1.pdf  - Public_Net Liquidation Value.pdf
 - Public_NLV for real estate1.pdf  - Public_NLV for real estate2.pdf

Gross Liquidation		\$ 238,425											
Sales/Revenue Forecast		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Percent of Parcels Sold	Sales before Escalation	Annual Appreciation											
Year 1	15% \$ 35,764	\$ 35,764											
Year 2	14% \$ 33,380	\$ 34,381											
Year 3	13% \$ 30,995	\$ 32,883											
Year 4	12% \$ 28,611	\$ 31,264											
Year 5	10% \$ 23,843	\$ 26,835											
Year 6	8% \$ 19,074	\$ 22,112											
Year 7	7% \$ 16,690	\$ 19,928											
Year 8	6% \$ 14,306	\$ 17,594											
Year 9	5% \$ 11,921	\$ 15,101											
Year 10	5% \$ 11,921	\$ 15,555											
Year 11	3% \$ 7,153	\$ 9,613											
Year 12	2% \$ 4,769	\$ 6,601											
	100% \$ 238,425												

Liquidation costs and Expenses

Engineering @\$1,000 for each 10% of sales	\$ 1,000	\$ 15,000	\$ 14,000	\$ 13,000	\$ 12,000	\$ 10,000	\$ 8,000	\$ 7,000	\$ 6,000	\$ 5,000	\$ 5,000	\$ 3,000	\$ 2,000
Administration/overhead (including management)	5%	\$ 1,788	\$ 1,719	\$ 1,644	\$ 1,563	\$ 1,342	\$ 1,106	\$ 996	\$ 880	\$ 755	\$ 778	\$ 481	\$ 330
Taxes on unsold inventory and Half of Sales	1%	\$ 2,205	\$ 1,865	\$ 1,547	\$ 1,253	\$ 993	\$ 778	\$ 600	\$ 446	\$ 314	\$ 197	\$ 96	\$ 33
Settlement and Closing @	1%	\$ 358	\$ 344	\$ 329	\$ 313	\$ 268	\$ 221	\$ 199	\$ 176	\$ 151	\$ 156	\$ 96	\$ 66
Marketing	2%	\$ 715	\$ 688	\$ 658	\$ 625	\$ 537	\$ 442	\$ 399	\$ 352	\$ 302	\$ 311	\$ 192	\$ 132
Total Costs and Expenses		\$ 20,067	\$ 18,615	\$ 17,178	\$ 15,754	\$ 13,139	\$ 10,547	\$ 9,195	\$ 7,853	\$ 6,522	\$ 6,441	\$ 3,865	\$ 2,561
Cash Flow		\$ 15,697	\$ 15,766	\$ 15,705	\$ 15,510	\$ 13,696	\$ 11,565	\$ 10,734	\$ 9,741	\$ 8,579	\$ 9,113	\$ 5,748	\$ 4,040
Net Present value Cash Flow:													
Discount	18%	\$ 79,273											

Fee Simple net Liquidation Value Rounded to:

NCDOT RECOMMENDED PER ACRE AND GROSS LIQUIDATION VALUE*
 NASH COUNTY ROW - MOMEYER TO SPRING HOPE

Section 1	Acres	RLB Adj \$ per Acre	Recommended Adj \$ per Acre	Recommended Gross Liquidation Value	Difference
1	11.64	\$ 1,500	\$ 1,500	\$ 17,460	\$ -
2	12.95	\$ 4,000	\$ 1,500	\$ 51,800	\$ (32,375)
3	2.18	\$ 1,500	\$ 1,500	\$ 3,270	\$ -
Subtotal	26.77			\$ 72,530	\$ (32,375)
Section 2					
4	8.95	\$ 1,500	\$ 1,500	\$ 13,425	\$ -
5	2.6	\$ 4,000	\$ 3,000	\$ 10,400	\$ (2,600)
6	4.18	\$ 13,125	\$ 7,500	\$ 54,863	\$ (23,513)
Subtotal	15.73			\$ 78,688	\$ (26,113)
Section 3					
7	0.88	\$ 13,125	\$ 7,500	\$ 11,550	\$ (4,950)
8	3.22	\$ 10,000	\$ 7,500	\$ 32,200	\$ (8,050)
9	2.69	\$ 13,750	\$ 7,500	\$ 36,988	\$ (16,813)
10	3.05	\$ 24,563	\$ 15,000	\$ 74,917	\$ (29,167)
11	0.63	\$ 40,000	\$ 30,000	\$ 25,200	\$ (6,300)
12	10.04	\$ 4,000	\$ 3,000	\$ 40,160	\$ (10,040)
Subtotal	20.51			\$ 221,015	\$ (75,320)
Total				\$ 372,232	\$ 238,425
				\$ 372,140	

* NCDOT recommended per acre valuation and gross liquidation value.

APPENDIX D

NLV Assumptions:

- Rail prices are \$200.00 per net ton based on current rail scrap prices.
- All rail is 85# and has a weight of 85 pounds per yard with 97% recoverable. .
- Twenty percent of crossties have of the crossties meet “landscape condition”
- Other track materials are estimated at 38.2 tons.
- OTM prices are \$270.00 per ton with 80% to 95% recoverable.
- Removal of track is \$5.50 per track foot. Source of information is NCDOT – Rail Division research and contractors.
- Nine turnouts were estimated.
- Value of turnouts for scrap was \$235 per ton.
- Marketing and Administrative cost is 5% on gross value of scrap rail and OTM.
- Steel transportation is based on nine carloads of scrap.
- Disposal costs of crossties are \$2.25 per tie based on NCDOT – Rail Division estimate.

APPENDIX E

NASH COUNTY RAILROAD RIGHT OF WAY (ROW) AND ASSESSED VALUE* ASSUMPTIONS

After consultation with Nash County, the Carolina Gateways Partnership, and through additional research of sales and tax information, the RL Banks appraisal was reviewed and modified as follows:

The RL Banks appraisal assumes sale of all of the railroad property within two years but they also assert that the sale of rail property could take as long as fifteen years.

The NC Department of Transportation reviewed local sales and population trends and consulted with the Carolina Gateways Partnership, an economic development agency to determine the appropriate time period for disposition of rail property. As a result of this research the Department believes sale of all railroad property would take considerably longer up to 12 years. The present value used by the Department in its analysis is 18% the same as that used by RL Banks.

The Department reviewed the information provided by RL Banks on comparable sales and land values. The Department's review included tax and sales information and consultation with the Carolina Gateways Partnership. Downward adjustments were made because some of the comparables used by RL Banks are not consistent with the property along the track.