

**Excursion and Freight Railroad Operator Selection  
Northern Shenandoah Valley  
Transportation Preservation Corporation**

**Request for Proposals**

**June 2024**

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**OFFERED BY THE:**

***Northern Shenandoah Valley  
Transportation Preservation Corporation***  
PO Box 52  
Mount Solon, VA 22843

**PURPOSE:**

The Northern Shenandoah Valley Transportation Preservation Corporation (henceforth referred to as “Shenandoah”) is facilitating the transfer and conversion of the existing Norfolk Southern “B Line” from Riverton, VA to Broadway, VA to a qualified professional rail operator for continued rail services.

The Norfolk Southern “B Line” has been out of service between Strasburg, VA and Riverton following a derailment at the Riverton Junction (Front Royal) diamond crossing in 2020. Service north of Broadway to remaining customers at Shenandoah Caverns was discontinued in 2013. The railroad has not been legally abandoned, or filed for abandonment, by Norfolk Southern. A transfer of common-carrier responsibility to the new operator through an STB filing, rather than an abandonment process, is desired.

Interest in development of a 50-mile trail over the existing right-of-way resulted in a proposed sale of the right-of-way to the Commonwealth of Virginia in 2021 by NS for an agreed-upon amount for future trail usage only. A feasibility study for trail conversion was conducted for the Commonwealth. Local interests wishing to preserve freight rail service for economic development, and develop a new excursion operation, have organized as Shenandoah and have developed an alternative that preserves the rail corridor with a parallel rail-with-trail concept as an alternative to the trail-only concept.

Shenandoah seeks to find a qualified operator to fill the function of a common-carrier freight operator under federal jurisdiction to assume responsibility of that function, as well as assist in the development of a new excursion operation. Due to the current track conditions, this is assumed to be a phased approach expected to take a minimum of three years, and be primarily funded by a combination of state and Federal funding for capital track rehab as well as parallel trail construction.



Ownership of the corridor is intended to be by a private, non-governmental non-profit entity such as the Shenandoah Valley Battlefields National Historic District or a government entity such as the Commonwealth of Virginia, which in coordination with Shenandoah (or similar structure) will have the ability to enter into a long-term contract with the Operator to allow sufficient contract terms to justify some private investment on a recoverable basis.

Your organization, along with others, may participate in the Operator Selection Process. The intent of this selection process is to select an organization for operation and maintenance of this railway lines, and to complete the operating/management contract with potential railbike operations to begin by April 1, 2025, and rail operations to begin by October 1, 2025.

## **RFP Process**

RFP submissions will be used to select a potential operating candidate that meets the long-term goals of Shenandoah for a sustainable operation that increases area visitation, preserves the assets and value of the corridor in good stewardship, and allows the Operator to make a profitable operation based on sound business practices.

Shenandoah is soliciting responses from interested and qualified individuals for an Operator Selection. This information is being requested to adequately compare and review information from prospective rail line operators. Summary business plans and conceptual approaches to operations are solicited and required as part of the RFP process.

An operator may elect to develop a joint team proposal between entities to meet all requirements, including freight, passenger, and potential transload operations. One proposal submitted under one common identity will be solicited to review in this approach, including financial information.

An operator will be chosen as a result of the RFP process, and will be offered the opportunity to negotiate an operating contract with Shenandoah or the resulting owning entity as a contract provider of rail freight and passenger recreation services. If that negotiation should not prove successful, the comparative operator scoring and rating system established in this process will be used to determine the next organization selected, with no further proposal process necessary.

## **I. OVERVIEW**

### **A. BACKGROUND INFORMATION**

#### **Line History<sup>1</sup>**

One of the obvious questions of the route is how a relatively well-located and easy gradient approach through the Shenandoah river valley managed to be relegated to branch line status, when the overall design and engineering of the line compares favorably with any main line railroad in the region, and that the prevailing engineering and construction standards were relatively high.

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<sup>1</sup> “A Trip by Rail in the Shenandoah Valley on the Baltimore & Ohio Railroad and the Southern Railway”, Cohen, Cohen Publishing 2013. The following information is based on Shenandoah’s best information and belief and is subject to verification by any potential Operator.



This railroad traces its original history back to the original 1830's when Baltimore & Ohio interests through the Winchester & Potomac started to build west from Harpers Ferry into Winchester, with the eventual goal of reaching Lexington, VA via the Shenandoah Valley – a goal that at the time was a strategic main line into the south with Lexington, VA as the goal.

Meanwhile, the Manassas Gap railroad built west into Strasburg in 1854. This placed the railroad squarely in the middle of the Civil War conflict erupting within the entire valley, with two slightly disconnected railheads now connected to opposing forces. The Confederacy attacked and isolated the Baltimore and Ohio near Harpers Ferry in May 1861, leaving significant rail assets stranded at Martinsburg. This led to the transport of what was later reported to be 13 B&O locomotives (partially or fully disassembled) by road south to Strasburg, and over the next two years, included as many as 80 freight cars, rail, and anything else of railroad value that was relocated to the South via road over to the Manassas Gap railhead, where they went to the Confederacy.

This “Great Train Raid” is memorialized at Strasburg through historic markers and the local museum and is widely considered to be one of the great strategic surprise moves by Stonewall Jackson in the Shenandoah Valley, and a legend of wartime railroading.

During the time of the Civil War, the Manassas Gap Railroad had been extended as far south as Mt. Jackson, where a military hospital was located and used as a destination for wounded troops from battles to the north. By 1864, advancing Union forces led to a battle directly over the railroad at Tom's Brook, as part of Sherman's campaign. As such, this railroad, the battles, and the route itself, are deeply ingrained in the resulting battles and strategy of the region and fabric of the history. As such, the entire railroad corridor is subject to consideration as historic designation in any Sec. 106 environmental discussion.

The post-war lines were effectively merged into the B&O, with the Southern Railroad emerging as the controlling factor only as far west as Strasburg, and the B&O incorporating service out of Harpers Ferry to Harrisonburg, Staunton, and finally as far south as Lexington by 1885. This period of B&O expansion south and corporate control held onto the entire line (and operated it as a link south) as late as 1932, when the railroad was leased south of Strasburg to the Southern Railroad and the B&O cut back control to Strasburg Jct. This lease swapped the strategic connections that might have become a main line of the B&O into a leased, and dead-end, branch system of the Southern out of Manassas. B&O had surrendered their goal of going further south via this route, and saw the original goal of Lexington as too late, despite the intensive engineering efforts to reach that location by rail.

This now placed four competing rail line systems all connecting into the region – B&O coming into Strasburg, and owning south but leasing it to Southern; Southern coming into Strasburg from the east (Manassas), and crossing the Norfolk & Western at Front Royal (but not truly interchanging), and the Chesapeake & Ohio main line at Staunton. The Chesapeake Western at Harrisonburg headed west, but was not a ‘main line’ system during its lifetime. This now placed this route as a branch line effectively divided between four connecting corporate systems, none of which regarded it as a strategic main line connection to any further points, despite the easy grades and alignment. As such, it never achieved ‘main line’ status for either passengers or through freight.

The ongoing system mergers resulting in CSX and Norfolk Southern consolidated Southern into Norfolk and Western, putting the major main line north-south through Front Royal, but services to the Valley still via a Manassas-based local and south from Harrisonburg. CSX ultimately dead-ended at Strasburg Jct., and had no strategic interchange there other than minimal local freight, and discontinued the connection and removed the interchange in the early 2000-era. CSX divested themselves of branches north of Staunton to Harrisonburg; NS accessed Harrisonburg by absorbing the Chesapeake Western from



Shenandoah Jct. No connecting full distance north-to-south traffic rail traffic resulted due to these industry consolidations, but local industrial development continued along the rail corridor for local service.

As a result of these remaining connections, the southern portion of the branch was served by a local out of Harrisonburg (from Shenandoah yard) and the northern portion of the branch was served by a local out of Manassas – crossing the ex-N&W main at Front Royal. The middle portion – Edinburg to Mt. Jackson - with no remaining customers – was taken out of service in 1989 reportedly due to a ‘bridge issue’ at Stony Creek in Edinburg. Remaining customers were then a feed mill at Shenandoah Caverns, a fertilizer and chemical distributor in Mt. Jackson, the Johns Mansville shingle factory just north of Edinburg, and the large J. R. Donnelly printing operation at Strasburg.

The Commonwealth of Virginia and Norfolk Southern attempted to reach an agreement to convert the section of the railroad between Strasburg Jct. and Shenandoah Caverns to a passenger excursion operation in 2000-2001; this attempt required a local County match with the state funds that was not ultimately approved by the County. The volunteer group that was spearheading the acquisition (Valley Trains and Tours) subsequently disbanded as a result.

On each remaining end of the route, significant line improvements including welded rail were installed on those segments, and service continued by NS up until the closure of John Mansville in 2007 and of R.R. Donnelly (then LSC) in 2020. Shortly after, a main-line derailment in December 2020 at Riverton Junction in Front Royal led to the removal of the diamond and the effective isolation of the north end of the segment from NS. The diamond remains on the right-of-way but was not reinstalled. . Tie condition on the Strasburg-Riverton section had allowed FRA Class II operations, mostly due to the long distance the local had to travel from Manassas and the 132# welded rail. Bridges were rated by NS to 286K loading levels as recently as 2018.

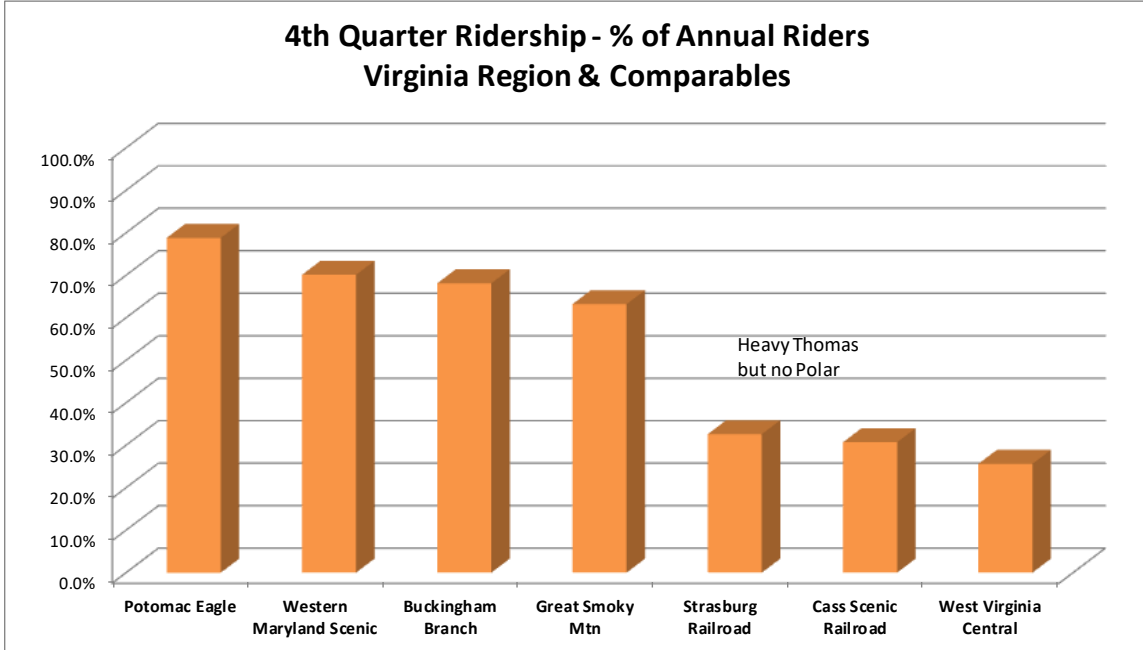
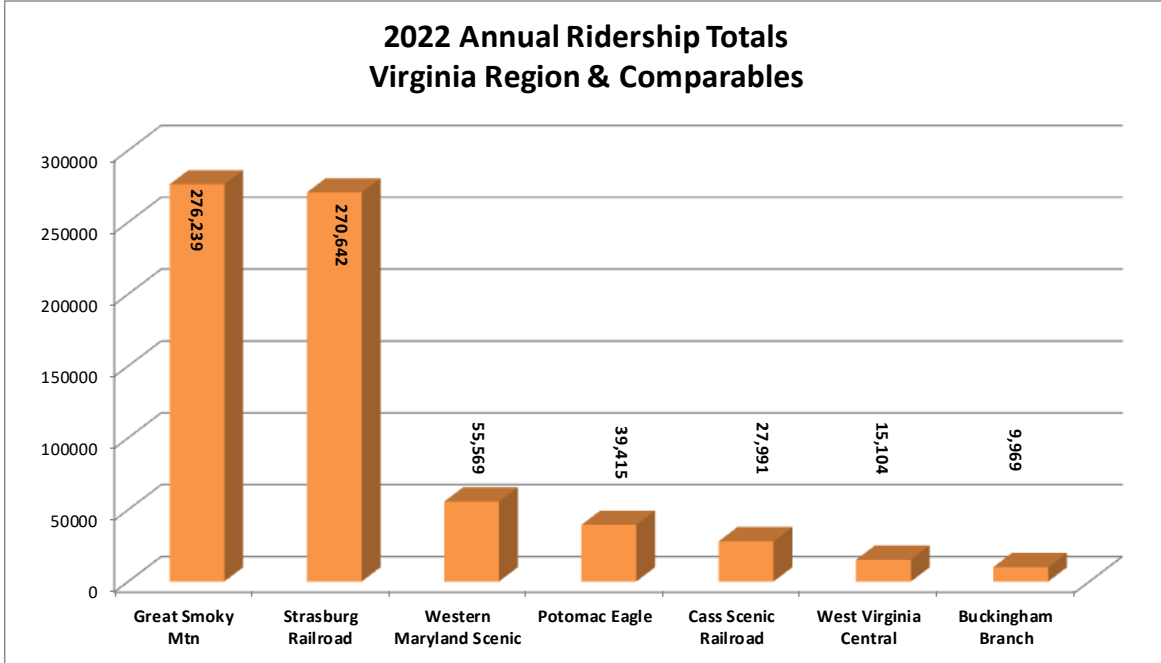
CSX subsequently participated in the development of a new rail-served feed facility just north of Strasburg Jct. , operated by Agmark Intermodal. This facility is large enough to be an anchor customer at Strasburg to assure continued service by CSX to the far west end of the line, but it no longer physically connects to NS at Strasburg Junction as it did in the past.

NS continues to serve as far north as Broadway for the remaining feed mill customer, Virginia Poultry Growers Cooperative, at that location. The designated cut point is just short of the crossing, and a rail has been physically lifted.



**B. MARKET DATA AND GENERAL BUSINESS INFORMATION**

Regional annual existing excursion railroad ridership has been researched from FRA records.



It should also be noted that much as with nationwide trends, the 4<sup>th</sup> quarter ridership revolving around fall foliage, Halloween, and Christmas events is the primary driver of maximum ridership:



For the purposes of projecting economic impact analysis, a five-year plateau ridership of 75,000 per year was assumed, including adequate capacity for 4<sup>th</sup> quarter special events. This number is not intended to dictate or indicate ridership levels projected by any proposer.

### **Freight Activity<sup>2</sup>**

The railroad is present in one of the most dynamic and growth-oriented transportation corridors in the entire United States, basically within easy reach of the entire eastern seaboard populations and at the intersection of two interstate highways.

I-81 remains one of the most intensive transportation corridors nationally. “According to the Virginia Department of Transportation, I-81 was designed to accommodate 15% truck traffic, but carries an average of 26% and up to 35% trucks in some areas. Nearly 50% of the state’s value of goods (\$312 billion annually) is transported along the I-81 corridor, which has the highest per capita truck volume in Virginia with 11.7 million trucks traveling over I-81 annually.”<sup>3</sup>

This connection has led to the development of extensive warehousing and transportation infrastructure in the region, including the Virginia Inland Port (which is exclusively NS served), large warehousing facilities in the Strasburg region, and a highly visible support infrastructure for the heavy truck traffic in the region.

It is noted that both rail-sized manufacturing concerns that were historically the major rail shippers on the branch – Johns Mansville, and R. J. Donnelly, have seen their facilities be converted to multi-user warehousing and shipping operations. Amazon and Walmart have used approximately 30% of the square footage of the Johns Mansville facility, but the original four-track yard, and passing siding remain for future rail-truck transloading and warehousing activity. The Strasburg R.R. Donnelly facility (LSC until 2020) formerly offering more than 400,000 square feet of warehouse and office space and 12 rail docks is now being partially demolished and converted into two separate spaces as of May 2024. No part of the complex is currently leased. Opportunities remain to participate in the reconfiguration of this building to transportation warehousing.

Agriculture continues to be a major player in the entire valley with a continuing poultry, livestock, and grain infrastructure contributing to the economy. The nearest inbound feed distributors that are rail based are now in Broadway, VA and Strasburg, separated by 40 miles. The feed mill at Shenandoah Caverns that had been direct rail served was terminated by NS, not the customer, and desires rail service to return. Food processing continues to be a major employer, with large facilities adjacent to the rail line. Inbound feed, fertilizer, and propane are the major commodities that can be rail provided.

The poultry industry in particular has created a significant demand for inbound propane for barn heating – in relatively large volumes that is partially rail delivered from much further distances. Moving these facilities closer to actual demand areas remains a significant market that has not been fully quantified, but exists and can be verified.

The southern portion of the rail line from Shenandoah Caverns is parallel to existing industrial

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<sup>2</sup> The following information is based on Shenandoah’s best information and belief and is subject to verification by any potential Operator.

<sup>3</sup> <https://www.ttnews.com/articles/dot-awards-virginia-976-million-loans-improve-i-81>



park property with several rail-sized industries and properties along the line. Notable is the still vacant Mt. Jackson Press building at 377 Industrial Park Rd. (Mt. Jackson) with 40,000 feet of space on an existing rail siding<sup>4</sup>, the Masco Cabinetry plant at 1325 Industrial Park Rd, Valley Fertilizer in Mt. Jackson, and Howell Metal in New Market, which had reportedly approached NS about providing direct rail service in ~2010 and was refused.

The history and legacy as a never-completed main line between major carriers now presents one of the few remaining opportunities for a new shortline carrier to connect to two Class 1 carriers in three different locations, in an area with existing industrial base in the proximity to rail, and a linkage for potential warehousing and transloading opportunities for an operator that can deliver an efficient transportation package and successfully work with Class 1 partners.

### **C. PROPOSAL PROCESS**

Prospective Proposers seeking additional information or clarification during the RFP process may contact project consultant Randall D. Gustafson at Stone Consulting, Inc. as shown below:

Randall D. Gustafson,  
Stone Consulting, Inc.  
PO Box 36  
Warren, PA 16365  
814-728-8905 office  
randy@stoneconsulting.com

Proposers must clearly state matters requiring clarification and submit digitally. Any substantive information so provided will be distributed to all proposers. The Authority reserves the exclusive right to determine what substantive information is. The RFP is issued by Shenandoah and will be reviewed by Shenandoah's authorized agents.

Qualifications and documentation shall be transmitted digitally (both scanned signed original copy & electronic copy) to Shenandoah's designated recipient

John M. Scheib, Esq.  
Gentry Locke Attorneys  
Email: Scheib@gentrylocke.com

Submission review will entail examination of all qualified candidates to identify the level of interest in this railroad opportunity, and to select a single qualified entity to begin negotiations for operations as soon as possible. Qualifications will include typical Corporate identification including legal name and state of incorporation, company histories, experience in the excursion railroad business, and financial history to establish credibility. Operators are encouraged to submit a potential plan for the operation and maintenance of the TSR, including a summary business and marketing plan for potential operation of the railroad. This need not be excessively detailed; however, the approach to developing additional ridership and freight income, as well as the nature of the desired contract (with the possible levels of participation and/or investment by

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<sup>4</sup> <https://www.loopnet.com/Listing/377-Industrial-Park-Rd-Mount-Jackson-VA/4382242/>





the operator) is encouraged. The RFP process requires that participants disclose standardized and comparable information about themselves and their plans, allowing comparative ratings and analysis of the proposals.

**F. PROPOSAL FEE**

A proposal fee is NOT required for RFP submission.

**G. TIMING**

It is Shenandoah’s intent to follow the schedule below for this RFP process:

RFP Responses Due	7/26/24 (5:00 PM EST)
RFP Selection Meeting	8/12/24
Operator Selection and Notification	8/15/24
Operating Agmt Negotiations Commence	8/19/24
Operations Effective	After 10/1/24

*(Likely Strasburg-Riverton pending connection)*

Changes in this schedule may be necessitated by legal, procedural, or requested dates by all involved parties.





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## **II. DESCRIPTION AND PHYSICAL CHARACTERISTICS OF THE LINE OF RAILROAD TO BE OPERATED**

### **EQUIPMENT AVAILABLE FOR OPERATIONS AND POLICY**

The operator is expected to supply all rail equipment for FRA compliant operations, and equipment will remain the property of the operating entity. Shenandoah reserves the right to potentially own equipment for use on the line by the operator.

If the operator is requesting that Shenandoah, or any public entity, is requesting or assuming that removable equipment such as track maintenance equipment, rail equipment, historic/vintage equipment for display purposes, or other 'on wheels' assets be fully funded or match provided by them, that request must be clearly stated in the Proposal response.

Passenger and freight equipment that is brought on site shall be either currently legal for FRA operation, or stated in the Proposal as to its condition and intent; i.e. restoration to be done on site and plan including funding sources.

Operator will not use rail line property for storage of unusable equipment, parts stockpiles not related to current or planned operations, broker equipment storage or asset sales inventories, third-party equipment not used for operations, or equipment in violation of environmental law or policy.

Car storage for operator revenue generation on UNUSED or sections of the railroad not necessary for regular operation shall be only allowed under the following conditions:

- 1) Stored equipment will be of non-hazardous commodities only, free of leaking or contamination
- 2) Cars shall not be stored within 500' of occupied residential properties
- 3) Cars shall be under disclosed storage agreement to Shenandoah as to equipment owners, duration of storage, and car type and be in interchangeable condition
- 4) Cars shall not be stored adjacent to any active sections of any Shenandoah approved projects such as trail construction within the same right-of-way.

There are currently no facilities on the line for locomotive or railcar maintenance. This is a known factor in the capital development plan. While tentative locations have been identified, this is an issue open to negotiation as to location and features once an operator has been selected.



**III. MAP OF LINE OF RAILROAD**



#### IV. TRACK CHARTS AND LINE DATA

Norfolk Southern refers to this track section as the “B Line” with appropriate mileposts referenced as BXX, with milepost B51 at Riverton Jct. to B100 (assumed cut point 99.5) at Broadway (B0.0 being at Manassas, VA).

The full NS 1989 track chart is featured in Appendix 1, which was prior to taking the mid-portion of the railroad out of service due to the bridge at B79. General line information is as follows:

In summary, the railroad consists of three distinctly different areas of construction and condition:

- 1) Riverton Jct. (B51) to Toms Brook (B68) rail is 132 welded
  - a. Riverton to Strasburg Jct. (B62.6) was operated until 2020 by NS and generally in good to fair condition
- 2) Toms Brook to Valley Fertilizer (B85.5) is a mixture of 80, 85, and 100lb. jointed rail
  - a. The ex-Johns Mansville plant site and yard is at B76.5 at the south end of the Narrow Passage bridge
  - b. Portions of this line are heavily regrown in small trees and vegetation
- 3) Valley Fertilizer to Broadway is 100 welded
  - a. Portions of this line are regrown in vegetation but operations were conducted to Shenandoah Caverns B88 as late as 2010 and in fair condition.

Note that the steepest noted grade on the entire line is 1.3% at Riverton Jct., Strasburg Jct., and Bowman, with the longest sustained grade between Strasburg and Fishers Hill of approximately 1.1%

Curvature is gentle, with no curves shown exceeding 5 degrees.

A spot track inspection to document tie, rail, and vegetation condition was conducted by Stone Consulting in March 2023, to estimate tie rehab, crossing condition, and vegetation conditions.

There are the following significant bridges over 50 feet in length:

- Riverton Jct., Shenandoah River, 529’ multiple span through truss - B51
- Buckton, Passage Creek, 105’ - B55.6
- Valcour, N. Fork Shenandoah, 385’ - B59.5
- Strasburg, Town Creek, 95’, MP 61.58
- **Fishers Hill /SR 601 viaduct, 295’ B63.8 (high bridge)**
- Toms Brook, SR651 overpass, 61’ B66.7 (newer)
- **Toms Brook viaduct, 584’, B67.6 (high bridge)**
- **Pughs Run , 616’, B71.68 (high bridge)**
- **Narrow Passage Creek viaduct, 616’ B76.48 (high bridge)**
- **Stony Creek viaduct, 320’, B79 (high bridge)** (*reportedly bridge taken out of service causing operational separation in 1989*)
- **SR263 Mill Creek, 340’ B86.2 (high bridge)**
- **Holmans Creek, 310’, B89.8 (high bridge)**
- Unnamed waterway 138’, B94.3
- Honey Run, 126’ B97.48
- N. Fork Shenandoah, 242’, B97.68

The larger steel viaduct bridges were the result of a 1924 reconstruction program by the Southern



Railway. There are 7 significant high steel deck girder bridges that will be operational scenic highlights in any excursion operation.

A detailed bridge inspection between Strasburg MP B61.4 and New Market MP B92.7 was conducted by NS and Reid Potter and Associates in 2000. A PDF version of this inspection is available. A second bridge inspection of the significant structures was conducted by Stiffler, McGraw & Associates in 2023 and compared to the 2000 inspection.

Norfolk Southern's system weight clearance map published in March 2018 shows the entire Manassas-Strasburg-Harrisonburg line segment as cleared for 286K loading, except for the middle portion out of service due to the bridge at MP B79. This is reported to have been MP B79 to MP B84.4 .

There are 65 public and 66 private grade crossings on the line. There are 21 with flashers, 11 with gates, and 33 with crossbucks only. Although several crossings have been paved over within municipalities, only 6 show as legally closed in the FRA crossing database, between MP B66.4 and MP B80.7.

Gates, masts and lights are generally intact, as well as bond wires at island circuits. Crossing detection appeared to have been modernized to proximity approach systems, however no access to the interior of the remaining grade crossing cabinets has been permitted by NS to allow a detailed system inspection. As many flasher heads have been canvas-bagged, it is unknown how many flashers were updated to current DOT 12" LED standards – presumably the line portions most recently operated.

A detailed inspection spreadsheet of each crossing was created by Stone Consulting, and field verified by Shenandoah in 2024.

No detailed conclusion is available on status or restoration responsibility of the crossings that were paved over but not closed in the FRA database as to responsible party for restoration if formal closure was not granted by DOT or Norfolk Southern. This will be pursued by Shenandoah.

The diamond crossing at Riverton Junction, VA (Southern over Norfolk and Western) was the location of a significant NS derailment in December 2020 on the ex-N&W main line and removed as part of the subsequent track repairs. The diamond is still stored on the right-of-way. Options for reconnection will be subject to NS approval, but may be restoration of the original diamond, conversion to a 'one way low speed' diamond (OWLS), or reconnection to the south via an estimated 16-degree curve off the bridge to the south.

One rail has been disconnected at Broadway, just south of the main street crossing and north of the passing siding turnout. It is presumed that this would be the cut point for operations.



## **IV. REQUIREMENTS FOR PROPOSALS**

### **A. GENERAL REQUIREMENTS:**

Proposers must provide information which will satisfy the requirements of this RFP. It is the responsibility of the Proposers to carefully read his (or her) response before submittal to ensure its accuracy. A Proposer's response shall include sufficient information to allow the evaluation committee to verify that the response meets all RFP requirements. Serious omissions, inaccuracies or mistakes may result in the rejection of a Proposer's response, at the exclusive discretion of the evaluation committee.

Proposals will center on the identification, qualifications, and experience of proposers. Summary and conceptual descriptions of a proposed business plan and methodology of proposed operations is requested primarily to indicate the approach and abilities of the prospective operator to sustain the operation and develop ridership. The goal of Shenandoah is to allow a prospective operator to make a sustainable business through operations that can produce economic development with rail freight serving as a catalyst for compatible industrial or logistical businesses, partner with the trail development efforts, and increase the tourism visitation to the entire region by increasing excursion ridership as well as developing a railbike experience all within a parkway setting for the corridor in harmony with the goals prescribed in Final Management Plan of the Shenandoah Valley Battlefields National Historic District. As a community-based organization, plans that focus on the importance of economic impacts that benefit the region through special events and activities are strongly encouraged, particularly those that can be demonstrated to produce and increase overnight regional stays.

The following general information is required in all RFP submissions:

1. The full and correct legal name and principle address of the Proposer.
2. Date of the prospective operator's incorporation, or organization, and the name of the political authority under which it was incorporated or organized. If the Proposer is an Agency, association, or other form of organization other than a private corporation, a full description of the organization, including names of its officers, must be furnished. If the Proposer is a subsidiary of another operating rail corporation, full information identifying the parent/holding company must be furnished.
3. Name, title, address and telephone number of the person who can answer questions, with authority, regarding the proposal for the prospective operator.
4. Proposer(s) with previous freight railroad and/or excursion railroad experience must provide summary financial and operating information relating to rail services provided by the Proposer. This information should include:
  - a) For each of the last three (3) years, a summary business report of activity on other lines of railroad operated by Proposer. Key elements are ridership, retail/ancillary sales, and other revenue-producing activities. Longer periods may be submitted at the option of the Proposer, to document proof of growth and development of existing properties. Proposing organizations with freight railroad experience only may provide carloading history if no passenger excursions are currently operated.



- b) A copy of the most recent corporate annual report. Audit status (if any) of this report should be clearly identified. Unaudited statements will be accepted with no scoring penalty for the current fiscal year.

For each of the last three (3) years, summary financial statements of Proposer, including balance sheets and income statements. Consolidated financial statements between all operated railroads of a proposer should be provided for balance sheet comparison and analysis purposes. Income and expense statements, in summary format, should be provided to identify existing railroads and the overall business performance of the Proposer as a whole. Proposers are encouraged to provide any additional documentation such as Cash Flow Statements and/or letters of credit to identify possible sources of funds to allow the operator sufficient resources for start-up.

Audited financial statements, including an accountant's opinion, will be rated more favorably than informal or unaudited statements. Failure to disclose financial data may constitute grounds for outright rejection of proposal. Proof of the ability of the proposer to produce comprehensible and accurate financial statements on existing operations is a key item in the final selection process. It is the proposers responsibility to provide supporting documentation regarding financial performance and stability to adequately judge and compare the organization(s) in this area.

5. Insurance requirement limits will consist of general liability/passenger liability coverage of \$10,000,000 with Shenandoah or the owning entity being an additional insured on the policy. Any additional insurance coverage is subject to final contract negotiations. See Commonwealth of VA law governing insurance and excursion operations at the following: <https://law.lis.virginia.gov/vacodefull/title46.2/chapter20/article13/>
6. New ventures or individuals must have previous financial history and must state their source of financing and submit evidence of the availability of that financing. If the source of financing is to be the corporate assets of the Proposer's partners, corporate financial statements and/or personal income tax returns of the ventures partners for the past three (3) calendar years must be submitted. This does not apply to proposing rail corporations with existing financial performance records under Sec. 4.
7. If the Proposer, at their option, intends to fully subcontract services to a third party through the rail operator, please identify the intended subcontractor, along with a letter of interest / commitment from an officer of the subcontractor company/corporation. General requested qualifications of the subcontractor are similarly requested with the RFP in the same format if this activity is to be subcontracted.
8. References should be furnished, and will be contacted at the discretion of the Consultant and Shenandoah. Proposers are notified that references will be a requirement and scoring item in the RFP process.

References are desired from, but not limited to:

- a) Communities on excursion rail lines that are currently operated.
- b) Development groups and/or tourism organizations that Proposer has worked with in the past.
- c) Financial and lending institutions





- d) Previous railroad references (operational experience) of organization and/or personnel.
- e) Current and past Government officials (City, County, State or Federal) in districts that excursion rail lines are currently operated.

References must include name of contact person, a current mailing address and a phone number at which the contact may be reached during business hours.

- 9. Proposers shall disclose all past or pending litigation, contingent liabilities, or liens against the Proposer that would affect the material financial results of the holding, parent, or proposing organization. This would include a statement of current status with payments due to state, local, and other applicable taxing authorities.
- 10. Identification and qualification of key individuals intended to be involved in the actual railroad operation are requested. Organizations that can demonstrate the ability to manage and staff operations from existing forces, and manage operations in geographically separate areas, are encouraged to clearly describe and define their experiences, and how this would benefit the proposed rail operation. Key experience issues for personnel include management and business expertise in the tourism industry, rail industry, retail sales, and management of seasonal business for an extended time. Experience in local community economic development, including investment and/or property development activity, is desired.
- 11. Individuals involved in a consulting or professional services role in the proposed organization as on-site management should be identified accordingly, with a current statement of their participation in the Proposal.

As a common carrier, it is assumed that operating employees will be subject to the requirements and enrollments of the Railroad Retirement System

- 12. The concept of this project involves the development and operation of a parallel recreational trail to be constructed within the limits of the right of way. Final design and specifications have not been completed, but in areas that are in immediate proximity and vertical alignment to the track such as inside communities and on drainage structures are intended to have a suitable barrier between trail and rail. Any experience the Proposer has with parallel trail occupation is encouraged to be presented, along with concerns and conditions that the rail operator would see necessary to impose.
- 13. The concept of this project also involves the potential to host or originate railbike operations on portions of the track that have operational practicality to host such activity. The Proposer will control dispatch functions and appropriate temporal separation to preserve operational safety and FRA operational safety practices. Proposer may directly operate railbike services, partner with an established railbike operation, or describe formation of a new organization.





**THE PROPOSED BUSINESS PLAN:**

In addition to basic experience and qualifications, operators are encouraged to describe and present a summary Proposed Business Plan for Shenandoah.

The goals of the Business Plan are to provide a safe, attractive, and national-quality attraction that will result in the increased tourism and economic development of the Northern Shenandoah corridor communities and surrounding region. Shenandoah is looking for proposals that will create the maximum net benefit to the community, be a self-supporting enterprise operationally, and work in harmony with the trails partnerships. This should be addressed in a Plan to work with the community within the Business Plan proper. A safety plan, including addressing grade crossing safety, will be necessary as well.

Funding for major capital needs, including acquisition, bridge repairs, or major capital tie replacement programs are not assumed to be the responsibility of the operator. However, Shenandoah, as a not-for-profit entity, has the potential for executing a longer term contract in exchange for contributing to capital-type improvement projects, including some facilities development.

The operator will be expected to contribute toward or directly perform ongoing regular track and tie maintenance after any major initial capital rebuild. Track class for operational speed must be considered to be a minimum of FRA Class 1, but tie conditions are best assumed to be done to FRA Class 2 to ensure some margin of safety for spot tie defects that could render the line as excepted track for excursion purposes. Proposer should identify capabilities with in-house track maintenance equipment for regular spot track maintenance along with any experience in developing and executing rail improvement grants.

The operator will be expected to pay a negotiated lease fee to be negotiated to Shenandoah, and may be a sliding scale basis based upon carloads, ridership, or a combination of both. *No net-profit based lease fee will be accepted.* Any lease fee payments offered as payment to Shenandoah may be used as match funds for various federal or state grant applications, and may be placed in a third-party escrow account to assure use for railroad-related benefits.

**V. TERMS AND CONDITIONS OF PROPOSALS**

**A. RESPONSE DATE:**

The complete proposal must arrive in the inbox of Shenandoah's designated recipient prior to 5PM on 7/26/24 .

**B. TERM OF CONTRACT:**

It is the intent that as a result of the RFP process and subsequent negotiations, Shenandoah will enter into an operating contract with the party selected by 8/31/24. Proposers are to submit recommended contract duration, and the reason for such, as well as the relationship between agreement length and ability to contribute any capital investment. Annual evaluation and review of contract performance will be conducted by a committee of the Shenandoah to be formed after the line transfer is completed. Details for the continuation/extension will be fully described in the operating agreement.



**C. SELECTION:**

Shenandoah reserves the right to reject any and all proposals received in response to this request which are deemed not to be responsive to the requirements, terms and conditions of this RFP.

**D. FORMAT/OVERNIGHT:**

Each RFP response must be submitted in three (3) copies to Shenandoah at the submittal address furnished. Proposers are not to distribute proposals elsewhere. Proposals must be signed by an officer of the firm properly authorized to bind the firm to provisions of its proposal. All information set forth in Part IV, Requirement of this RFP, must be included and submitted with the proposal.

**E. PRIME PROPOSER RESPONSIBILITIES:**

The selected Proposer will be required to assume responsibility for all services offered in his proposal whether or not they are produced by him or a subcontractor. Shenandoah will consider the selected Proposer the sole point of contact with regard to contractual matters.

**F. DISCLOSURE OF PROPOSAL CONTENT:**

Submission of a proposal is subject to public records disclosure under Virginia state law. Information that is regarded as “Confidential” must be identified as such by the Proposer, and should be presented in such a way that it may be separately evaluated; such as an appendix or separate accountants report. “Confidential business information” means any information relating to the amount or source of any income, profits, losses or expenditures of a person, including data relating to cost or price submitted in support of a bid or proposal. Each proposal evaluated pursuant to the provisions of this RFP is confidential and may not be disclosed until the contract is awarded. Shenandoah is a private, nonprofit organization not subject to public records release.

All supporting financial material submitted will become the property of Shenandoah and may be returned only at Shenandoah’s option, or at the written request of the proposer. Proposals submitted will be reviewed and evaluated by Shenandoah or committee of same, or designee, such as a consultant or rail user review committee, all at the discretion of Shenandoah. Shenandoah reserves the right to utilize any and all concepts presented by the Proposer. The selection or rejection of the proposal does not affect Shenandoah’s right to negotiate the optimum contract with the optimum Proposer.

**G. APPROVALS:**

Proposers that intend to seek exemption from specific provisions of FRA regulation regarding equipment waivers, equipment qualification, FRA reporting requirements, or other railroad regulation subject to ‘General System’ connected railroads must note provisions from which they will seek to be exempted. The railroad is still effectively connected to the general system even if rail has been lifted and this is not intended to be changed for the purposes of this proposal. Proposers must also disclose any and all other legal approvals and consents they may require in order to operate this line of railroad.



**H. PROPOSERS' COST TO DEVELOP RESPONSES**

Shenandoah is not liable for any costs incurred by the Proposer in connection with the development of its response and in responding to this RFP.

**I. ASSIGNMENT**

In the event that the Proposer enters into a contract with Shenandoah as the result of the RFP process herein, no rights, duties, or obligations described in the Proposer's response shall be assignable without the prior written approval of Shenandoah. Further, the Proposer shall not delegate any duties or obligations which may arise from any contracts with Shenandoah which may result from this RFP process without the prior written approval of the same.

**J. COMPLIANCE WITH LAW**

Proposer agrees to comply with all applicable federal, state and local laws in its conduct in responding to this RFP and any contracts with Shenandoah which may result from the RFP process herein.

**K. GOVERNING LAW**

Any disputes resulting from the RFP process herein shall be governed by the Commonwealth of Virginia, United States of America.

**L. RECORD INSPECTION:**

Shenandoah will reserve the right to annually inspect and audit financial records of the selected proposer on this operating railroad. Audit reports shall be considered confidential and used solely for purposes of auditing any lease fees, maintenance contributions, and matters that impact negotiated contract performance issues.

**M. PHYSICAL INSPECTION:**

Shenandoah or designee shall reserve the right to inspect trackage conditions on an annual or other as-needed basis to verify that the required levels of maintenance are being performed on the railroad as submitted in this RFP and resulting Operating Agreement. Shenandoah or designee shall also reserve the right to inspect the corridor, announced or unannounced.

Shenandoah will require a standard of appearance and cleanliness for the interior and exterior of all operated passenger equipment to be implemented by and adhered to by the operator.

**N. NOTE: FEDERAL RAILROAD ADMINISTRATION REGS**

Additional standard inspections and procedures by the Federal Railroad Administration will be used on a regular basis to verify the track maintenance conditions upon the line, and additional inspections as may be required by the Commonwealth of Virginia. Governing law shall be the FRA Code of Federal Regulations 49CFR regulation for track and equipment, as the railroad is considered to be connected to the US General Freight System.



**O. RETENTION OF BRANDING RIGHTS**

Shenandoah reserves the rights to all branding including trademarks, copyrights, identifying logos, marks and livery designs for use on all equipment and merchandise, whether owned by Shenandoah or the operator.



**VI. CRITERIA FOR SELECTION**

**A. OVERVIEW OF SELECTION PROCESS**

For the first phase of this RFP process, a 500 point evaluation procedure presented below will be employed. A “Selection Committee” chosen by Shenandoah will meet and form a consensus as to the value assigned to each Proposer for each category for the RFP submission. Proposers may be required to participate in an interview, and be available for a physical inspection of the property at the convenience of NS, Shenandoah and any impacted ownership entities. The final proposer will be invited to enter into an operating agreement with Shenandoah, after a detailed business plan has been prepared and approved.

**B. RANKING METHODOLOGY**

The selection criteria will be emphasized in the following priority sequence. Percentage of score is shown for clarity:

<b>ISSUE/SECTION</b>	<b>Pts.</b>	<b>Pct.</b>
Quality of Proposal	10	2.0%
Organization and Plan	50	10.0%
Qualifications of Proposer	50	10.0%
Excursion Rail Experience and Approach	100	20.0%
Rail Freight Operations Experience and Approach	60	12%
Financial Performance and strength	75	15.0%
References to Community and Trail Development	20	4.0%
Safety Planning and Implementation	75	15.0%
Freight & Transload Experience	60	12.0%
Total Possible Points	500	100%

These sections are discussed more fully below:

1. Quality of Proposal (10 points)

The proposals will be reviewed on presentation style, clarity of writing, and professionalism exhibited in developing the actual document submitted to Shenandoah. The quality and clarity of all financial statements submitted will be part of this evaluation.



2. Organization and Plan (50 points)

Attention will be given to the structure of the proposed entity, the type of entity, and the approach to establishing a new entity to manage, maintain, and advance the vision of the Shenandoah Rail with Trail project as described in the "Rails with Trails Analysis" ([https://www.shenandoahrailcorridor.org/files/ugd/474c0d\\_be8f3a6832194480b8e5f9e8bde9df0c.pdf](https://www.shenandoahrailcorridor.org/files/ugd/474c0d_be8f3a6832194480b8e5f9e8bde9df0c.pdf)) along with ensuring a parkway setting for the corridor in harmony with the goals prescribed in Final Management Plan of the Shenandoah Valley Battlefields National Historic District. Proposers should clearly identify the type of organization, tax structure, paid vs. volunteer content, and current legal status of such an enterprise, if any. Location of management team, management offices, supporting facilities and management structure should be clearly identified.

3. Qualifications of Proposer (50 points)

The Proposer must demonstrate the requisite financial and professional background and experience to satisfy the requirements of assured and reliable operation and maintenance on the line of railroad, and ability to maintain and operate historic and shortline railroad equipment on a regular basis. The evaluation of Proposers' qualifications will be based on professional railroad experience in excursion /shortline railroading industry, experience on a national and regional basis, and references offered for validation.

4. Passenger Excursion Rail and Approach (100 points)

The Proposer should disclose in detail experience with existing passenger rail, rail museum and excursion operations as a basic qualification.

- a) Current operations, locations, name of operations if not proposer entity
- b) Brief history of excursion operation(s); startup, duration, relationship with volunteer, nonprofit, or governmental stakeholders
- c) Annual summary ridership by month – prefer pre-COVID (2019) levels, 2022, 2023 as reported to FRA, or if not required to file with FRA, similar documentation
- d) Sample links to web pages, Facebook, and other promotional material showing marketing and pricing experience
- e) Discussion and experience with special events, including licensed entity relationships, if any
- f) Current liability insurance limits and commentary on maximum affordable liability limits assumed for this project
- g) Railbike experience and proposed operations; desired relationships either as a prime contractor or direct provider of services.

5. Rail Freight Operations Experience and Approach (60 points)

The Proposer must satisfy the interests of Shenandoah and the freight stakeholders as it relates to the ability of the proposer to conceptually operate the "B Line" as a developing shortline freight project from Riverton to Broadway. Proposers should provide, where possible:

- a) Traffic growth on existing operations with explanations as needed
- b) Current commodities handled similar to this project



- c) Relationships with Class 1 connections
- d) Current sample tariff statements for switching and service charges
- e) Anticipated revenue basis (switch charge vs. interline)
- f) Service frequencies on existing operations

The Selection Committee will evaluate the Proposer's capabilities and service levels of its proposed operation.

New starts or newly proposed operations are encouraged to demonstrate the similar data based on key railroads from management team members involved in the new entity.

6. Financial Performance and Strength (75 points)

The Selection Committee will evaluate the Proposer's standard financial statements to evaluate and compare potential operators for the relative size of operations, strength of financial resources, and historic financial performance.

Points will be awarded in the following areas:

- Comparative measures of corporate strength (i.e., net corporate assets)
- Pro-forma statements of income and expense - as planned by proposer
- Ability to produce existing financial statements meeting audited standards for verification of accounting methodology, expense proration, and standard rail accounting methods
- Profitability of existing operations as presented in income & expense statements

Proposers are also encouraged to comment and suggest for creative alternatives and approaches to the overall "Capital Maintenance Fund" escrow/match concept, and specifically directed to clearly identify any total annual contributions to the Fund by the Proposer.

7. References to Community and Trail Development (20 points)

The Selection Committee will evaluate information, both submitted and through the public domain, on the activity of the Proposer in working within their own communities for the purposes of economic development through membership and activities in Chamber of Commerce or similar, joint promotions and special events, contributions to community causes, and participation in the overall business environment in currently operating or previous operations. Partnership within the economic development team will be researched and is encouraged to be documented, submitted, and provided with appropriate references.

Existing operations that work in conjunction with any adjacent or crossing recreational trails should be highlighted, as well as any operations in conjunction with bicycle operations such as special events, bike ferry operations, special schedules and features, on-board equipment provisions, etc. Concerns and requirements about a potential parallel trail in terms of liability, separation requirements, etc. should be discussed.





8. Safety Planning and Implementation (75 points)

Safety experience: evidence of safety approaches of mentality, safety programs as they apply to the public, employees, and community.

Disclosure of previous reported safety events and action taken on existing and affiliated rail operations should be discussed. This will be compared to data reported to FRA for no less than three years' worth of applicable safety data as categorized by the Federal Railroad Administration in the classifications of:

1. Accidents and Incidents (reportable and grade crossing)
2. Reportable Derailments
3. Employee and passenger Injuries

Accidents, injuries, and derailments that were reported under FRA guidelines that were considered to be not the responsibility of the operator (other causes) should be identified as such and will be evaluated given any extenuating circumstances and/or documentation provided by the Proposer. Information provided under this section will be spot-checked and verified against FRA-submitted data over the same time period. Scoring will be on a comparative basis between proposers with lower accidents and incidents per operation scored higher than more incidents.

9. Freight and Transload Experience (60 points)

Strategy of the rail line will most likely involve significant development of transload services and relationships. Experience of the proposer on providing either direct transload services or existing third-party relationships should be demonstrated and documented.

The proposer should specifically discuss and comment on the transload market for this project as they see it, along with perceived challenges and opportunities present in the region.

New starts or newly proposed operations are encouraged to demonstrate similar data based on experience from management team members involved in the new entity.

**C. SCORING SUBJECTIVITY**

The Authority reserves the right for subjectivity of individual item ratings, the score assigned, and the significance assigned to individual group items within point score areas as described.

Proposers should be aware that while the proposal scoring system is the most significant factor in the evaluation of proposals and the ultimate selection of an operator, however, it may not be the sole determining factor.

**D. INTERVIEW PROCESS**

The Selection process may require an optional interview, either on-site or virtually, in the case that proposal responses need clarification or create questions during the review phase. This will be done in the proposal review process.

