NS and Public Private Partnerships: The Heartland Corridor & The Crescent Corridor

Robert E. Martinez
Norfolk Southern Corporation
October 2007
• Next Day Service to Columbus
• Reduce Transit to Chicago by 1/2 Day
• Will Shave over 200 Route Miles Off Each Container Move to Chicago
• Greater Efficiencies
• High Speed Double Stack
Central Corridor Double-Stack Project

The current clearance envelope through western Virginia and West Virginia only accommodates railcars up to 19’1” multi-levels. No double-stack cars can be accommodated in western Virginia and West Virginia due to the height, as well as the square profile of the conveyance.

Car Height
- 19’1”
- 20’2”
- 18’3”
- 20’3”

Required Clearance
- 19’7”
- 20’8”
- 18’9”
- 20’9”

Conventional Multi-level
High “Q-Car” Multi-level
Two 8.5’ Doublestacks
Two 9.5’ Doublestacks
Central Corridor

- Projected cost: $151 million
  - SAFETEA-LU funds
    - $95 million authorized *
      - * Subject to Obligation Limitation
  - Virginia Rail Enhancement Grant
    - $9.75 Million
  - Ohio Rail Development Commission Grant [ORDC]
    - $836,355
  - Norfolk Southern pays the balance
Multi-state/Federal/Public Private Partnership

- Grant Agreement with ORDC May 2006
- Grant Agreement with Virginia signed May 2006
- MOA signed by the three states with Eastern Lands division of Federal Lands at Federal Highway Administration [FHWA], June 2006
  - FHWA has extensive project management experience
- MOA signed by NS with Eastern Lands, FHWA, August 2006
Project Overview
Initially, we had sought an estimated $130 million for just the central corridor plus Prichard.

But, we weren’t being noticed because we weren’t asking for enough!

Building a winning coalition and recognizing transportation as a corridor business.
The Heartland Corridor

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>LEGEND</th>
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<tbody>
<tr>
<td>Central Corridor Double-Stack Initiative</td>
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<tr>
<td>Prichard Intermodal Terminal</td>
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<td>Roanoke Region Intermodal Terminal</td>
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<td>Rickenbacker Intermodal Terminal</td>
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<td>Commonwealth Railway Mainline Safety Relocation Project (CRMSRP)</td>
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**LEGEND**

- Green for Central Corridor Double-Stack Initiative
- Yellow for Prichard Intermodal Terminal
- Purple for Roanoke Region Intermodal Terminal
- Pink for Rickenbacker Intermodal Terminal
- Red for Commonwealth Railway Mainline Safety Relocation Project (CRMSRP)
<table>
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<tr>
<td>Rickenbacker Intermodal Terminal</td>
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<tr>
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<td>$ 60 M</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 311 M</strong></td>
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Introducing the “Crescent Corridor”
The Crescent Corridor Represents Significant Potential

- Long haul intermodal services along I-20, I-40, I-75, I-85 and I-81 Corridors are largely undeveloped

- Significant highway congestion along portions of these routes

- NS estimates that there are over one million divertible truckloads in this corridor

- Existing intermodal and motor carrier interest in developing services in this corridor
Market Assessment of Freight Volumes
Gaining Highway Freight Will Require a Better Product

- High quality services competitive with single-driver transit times
- 28 new trains will be introduced as the network is developed
- Access for all motor carriers, Intermodal Marketing Companies and private fleets with rail trailers and/or containers
Targeted and Existing Crescent Corridor Terminals

- Memphis
- Charlotte
- Atlanta
- North Jersey
- Philadelphia
- Kansas City
- Cincinnati
- Columbus
- Allentown
- Buffalo
- Harrisburg
- Chicago
- Dallas
- Allentown

Legend:
- Northealf Southern Railway and its Railroad Operating Subsidiaries
- NS Trackage & Haulage Rights
- I-81 Crescent Corridor
The Crescent Corridor
The imperative for public investment

- Safety
- Highway congestion mitigation
- Deferred/reduced highway maintenance expense
- Deferred/reduced highway expansion requirement
- Environmental benefits
  - Emissions
  - Land use
  - Fuel Consumption
- Economic Development
NS Principles on Public/Private

- No safety degradation
- Voluntary on both sides
- Public sector pays for public or societal benefits
- Norfolk Southern pays for railroad benefits
- Benefits, costs and risks are shared proportionately
NS commits to performance standards in return for public participation

Planning must be coordinated among all stakeholders to ensure prudent investments

Planning must be executed in a manner consistent with rail regulatory requirements, ownership rights, and market conditions

The project must produce a more balanced transportation policy
Thank you