

ITEM 10 - Action
September 16, 2009

Approval of Letter of Support for the CSX National Gateway
Freight Rail Initiative

Staff

Recommendation:

- Receive briefing on additional details about this initiative which would create a double-stack rail network along key corridors to improve the flow of freight between the Mid-Atlantic and Midwest.
- Approve the enclosed letter of support for the CSX National Gateway Rail Freight Initiative

Issues: None

Background: At the July 15 TPB meeting, CSX Transportation requested that the TPB provide a letter of support for its National Gateway Rail Freight Initiative.

National Capital Region Transportation Planning Board

777 North Capitol Street, N.E., Suite 300, Washington, D.C. 20002-4290 (202) 962-3310 Fax: (202) 962-3202 TDD: (202) 962-3213

Memorandum

Item #10

September 11, 2009

To: Transportation Planning Board

From: Karin Foster
Department of Transportation Planning

Subject: CSX National Gateway Initiative—Request for Support

This memorandum with attachments addresses the status and upcoming activities of TPB consideration of the CSX National Gateway Initiative. This item is slated for TPB action at its September 16th meeting.

CSX Transportation has combined a number of proposed grade separation and track improvements across six states into a large project called the National Gateway. The purpose of the Initiative is to create a double-stack rail network along key corridors to improve the flow of freight between the Mid-Atlantic and the Midwest. CSX has requested support from the Transportation Planning Board for the National Gateway. The Initiative has received support from the Governors of Maryland and Virginia. Thirteen of the proposed projects fall in the National Capital Region; a list is attached.

Steps CSX has taken thus far:

Freight Subcommittee, July 24, 2008—The National Gateway Initiative was first introduced to the Transportation Planning Board's Freight Subcommittee. Since then the Initiative has been discussed in several subsequent freight meetings.

Technical Committee, June 26, 2009—CSX presented a summary overview of the National Gateway Initiative to Technical Committee members.

Letter from CSX VP Louis E. Renjel, June 26, 2009—Mr. Renjel's official letter on behalf of CSX requests TPB support for the National Gateway Initiative. Copies of the CSX letter, along with letters of support for the initiative from the governors of Maryland and Virginia, are attached.

Transportation Planning Board, July 15, 2009—TPB staff gave a Power Point on the Freight Program. The final five slides of the presentation were on the CSX National Gateway, and were presented by Stephen Flippin of CSX. The slides provided information on the 13 projects that fall within the National Capital Region. A draft letter of support was presented to the TPB, however, action was deferred to the September meeting.

Technical Committee, September 4, 2009—CSX provided a detailed summary of the National Gateway and discussed how the Initiative will benefit passenger and commuter rail service. Detailed project information was provided for each of the thirteen projects.

Freight Subcommittee, September 10, 2009 National Gateway Initiative project discussion. (Norfolk Southern also presented at this meeting).

Steps CSX will take:

Transportation Planning Board, September 16, 2009. The TPB will consider approving a letter of support. A revised draft letter is attached.

Attachments

1. Draft TPB Letter of Support
2. List of 13 Projects in the National Capital Region
3. CSX Request for Support
4. Letters of Support from MD and VA Governors
5. CSX Presentation

National Capital Region Transportation Planning Board

777 North Capitol Street, N.E., Suite 300, Washington, D.C. 20002-4290 (202) 962-3310 Fax: (202) 962-3202 TDD: (202) 962-3213
Attachment 1

DRAFT

September 16, 2009

Louis E. Renjel, Jr.
Vice President, Strategic Infrastructure Initiatives
CSX Transportation
500 Water Street
15th Floor, C-900
Jacksonville, FL 32202

Dear Mr. Renjel,

Thank you for your June 26, 2009 letter to the National Capital Region Transportation Planning Board (TPB) regarding the CSX Transportation National Gateway Initiative. The TPB recognizes the need to address projected rapid growth in freight traffic in the coming decades, and appreciates the importance of an efficient freight rail system in supporting the economies of both the Washington metropolitan area and the nation as a whole. The TPB also recognizes that CSX has extensive rail facilities in and near our region, and that our region is strategically located in the middle of economically vital East Coast corridors. Rail service helps reduce the number of trucks that would otherwise travel through our area.

The National Capital Region Transportation Planning Board (TPB) is pleased to join the Governors of Virginia and Maryland in support of the National Gateway Initiative and any similar projects which will improve mobility in the region. We welcome the leveraging of significant private investment in this Initiative, along with potential funding from the new federal transportation authorization (recognizing that this does not include the current federal TIGER competitive grants, for which the region has identified other priorities). We hope that in addition to improving freight rail movement through the region, the Initiative will accommodate increased passenger service by MARC, VRE, and Amtrak.

The TPB notes that thirteen National Gateway projects fall within the Washington region. As this Initiative moves forward, we urge CSX to coordinate closely with TPB, MARC, Virginia Railway Express, Amtrak, Washington Metropolitan Area Transit Authority, and state and local governments in the region to:

- ensure that local impacts are adequately addressed as these projects are developed, including noise, safety, and hazardous materials considerations; and
- continue and expand upon actions to relieve bottlenecks and conflicts between rail freight traffic and the passenger rail services provided by MARC, the Virginia Railway Express, and Amtrak.

The TPB agrees that the National Gateway Initiative will enhance the National Capital Region's ability to handle projected increases in freight traffic, reduce overall freight shipping costs, ease congestion and emissions, and minimize highway and road maintenance costs and delays. We look forward to working with CSX as the Initiative advances.

Sincerely,

Charles Jenkins
Chairman
National Capital Region
Transportation Planning Board

Cc:
Secretary of Transportation
MARC
VRE
Amtrak

Attachment 2: CSX National Gateway Projects in the Washington Region (9/8/09)					
#	City, County	Project Name	Description	Cost	Historic Designation
1	District of Columbia	Virginia Ave. Tunnel	Raise/Replace Tunnel Roof, Double Track Double Stack	\$140,000,000	No
2	District of Columbia	New Jersey Ave.	Lower Track	\$5,006,000	No
3	District of Columbia	10th St.	Lower Track	*	No
4	District of Columbia	I-395 Ramp	Lower Track	*	No
5	District of Columbia	12th St. SW	Lower Track	\$6,387,000*	No
6	District of Columbia	Potomac River Swing Bridge	Bridge Modification	\$415,000	No
7	Catoctin, Frederick	Catoctin Tunnel	Total Arch Liner Removal	\$2,757,000	No
8	Point of Rocks, Frederick	Point of Rocks Tunnel	Total Arch Liner Removal	\$4,522,000	No
9	Germantown, Montgomery	Germantown Rd. North	Replace Bridge	\$1,433,500	No
10	Washington Grove, Montgomery	Deer Park Drive	Replace Bridge	\$3,749,200	Within Historic District, not on Register
11	Hyattsville, Prince George's	Balt. Washington Parkway Rt. 295	Lower Track	*	No
12	Hyattsville, Prince George's	Kenilworth Ave.	Lower Track	254000*	No
13	Woodbridge, Prince William	Railroad Ave.	Replace Bridge	\$2,757,000	No
TOTAL:				\$160,639,700	

* The cost for #5 includes the cost for #3 and #4. The cost for #12 includes the cost for #11.



Louis E. Renjel, Jr.
Vice President
Strategic Infrastructure Initiatives

500 Water Street
15th Floor, C-900
Jacksonville, FL 32202
Tel. (904) 359-3770
Fax (904) 359-3597

June 26, 2009

Chairman Charles Jenkins
National Capital Region Transportation Planning Board
Metropolitan Washington Council of Governments
777 North Capitol Street, NE
Suite 300
Washington, DC 20002

Dear Mr. Jenkins:

I am writing to request your organization's support for the National Gateway, an initiative that will bring significant benefits to the Washington region.

Current predictions of 60% growth in freight by 2020 and 87% by 2035 may be off due to the current economy, but even growth by half could have significant impacts on our communities.

In an effort to better manage this growth, The National Gateway creates a more efficient rail corridor by removing obstructions that prevent running double-stack intermodal trains throughout the Washington area.

The project offers over \$6 billion of public benefits, and has been endorsed by the Governors of Ohio, Pennsylvania, Maryland, Virginia, and North Carolina; the Ohio, Kentucky, Indiana COG and Toledo Metropolitan Area COG; along with 50 other associations and business, including Schneider National, UPS and The Limited.

The National Gateway enhances the Washington region's ability to handle the projected increase in freight traffic, thereby:

- Reducing overall freight shipping costs for the region;
- Easing congestion and emissions – one train can carry the load of more than 280 trucks and travel 436 miles to the gallon per ton;
- Minimizing highway and road maintenance costs and delays by shifting about 70,000 trucks off District area highways each year; and,
- Eliminating key passenger (Amtrak/MARC/VRE) and freight bottlenecks.


The National Gateway is a public-private partnership. The overall project cost – which includes upgrading tracks, equipment and facilities, and providing clearance for double-stack intermodal trains – is over \$700 million dollars, half of which will be paid by CSX Transportation. Because of

its significant public benefits, we are seeking state and federal transportation funding to cover the remaining 50 percent.

This project is a sound investment as it provides over \$16 in public benefit for every \$1 of public money invested. The National Gateway is important for your constituents and we ask that you join our growing list of supporters by providing a letter of support for this critical initiative.

Thank you for your consideration.

Best Regards,

A handwritten signature in black ink that reads "Louis Rangel". The signature is written in a cursive, slightly slanted style.

May 18, 2009

The Honorable James L. Oberstar
Chairman
Committee on Transportation and
Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable John L. Mica
Ranking Republican Member
Committee on Transportation and
Infrastructure
U.S. House of Representatives
2163 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

We are writing to express our strong support for a \$194 million request of federal funds for the National Gateway in the upcoming surface transportation authorization legislation. We urge Congress to satisfy this request of great regional and national significance with funding in addition to states' apportionment for highway and transit programs. By investing in a more efficient freight rail network for our country, the National Gateway can, in a very meaningful way, help address serious concerns about the economy, U.S. competitiveness, congestion, highway safety and maintenance, global warming, clean air and energy efficiency.

Brief Background

Along with dozens of government, community and business leaders and CSX Transportation, we are spearheading the National Gateway. This initiative proposes a more efficient, state-of-the-art rail corridor linking the East Coast's international deepwater ports and major consumption markets with the population and manufacturing centers of the Midwest. With improved clearances, new intermodal terminals and greater capacity, this project will bolster environmental health and promote economic growth by improving the flow of freight via rail through the increased use of double-stack, intermodal trains. Cambridge Systematics estimates public benefits of over \$6 billion from the project, or a ratio of over 16 to 1 for each public dollar invested.

Estimates from the U.S. Department of Transportation, American Association of State Highway and Transportation Officials and the Congressional Budget Office anticipate a *67 percent growth in the freight industry by 2020*. This will result in additional strain on the nation's transportation infrastructure, particularly in West Coast ports. Capacity constraints in West Coast ports mean more freight from Asia being transported through the Panama and Suez canals and brought to East Coast ports, promoting economic growth to states that are positioned to accommodate the movement and distribution of this additional freight. The National Gateway will enable the ports of Baltimore, Norfolk and Wilmington, North Carolina to efficiently handle this growth in traffic while reducing the volume on already congested roadways like I-95, I-81 and I-70/I-76.

Freight rail is the most environmentally-friendly way to move goods over land and is a critical part of the solution to meeting our nation's transportation needs. However, in order for freight rail to help alleviate current and future challenges with the nation's transportation and freight industries, e.g. capacity constraints, fluctuating fuel costs, crowded highways, and greenhouse gas emissions, we must enhance the national freight rail infrastructure and allow for double-stack container movements.

Summary Description / Economic Impact

The National Gateway will provide the following:

Enhanced Intermodal Service. The National Gateway will provide more competitive intermodal service between East Coast ports and the Midwest, combining the short-haul flexibility of trucks with the long-haul efficiency of rail. The addition of several new intermodal terminals along the National Gateway route will enhance consumers' options and augment our nation's ability to deliver manufactured goods to world markets by drastically increasing the market access potential for three East Coast ports.

New Jobs and Businesses. In the short-term, the National Gateway will create design and construction jobs along the corridor. In the longer-term, it will support thousands of logistics, manufacturing and port-related businesses in our states. Initial estimates for job creation resulting from the double-stack clearances alone exceed 5,000 new jobs in the first ten years. The investment in the intermodal facilities along the route by CSX will create thousands of *additional* jobs relating to the increased freight being shipped, and by the companies that benefit from the improved rail shipping operations.

Reduction in Traffic Congestion/Emissions. By enhancing efficient freight transportation, the National Gateway will also reduce traffic congestion and lower highway maintenance costs in our states. One train can carry the load of more than 280 trucks, clearing space for over 1,100 cars. This project will shift an estimated 2.3 billion truck miles off our nation's highways each year, greatly improving safety and congestion.

Reduction of Transportation Sector Greenhouse Gas Emissions. EPA's most recent data shows that over 25% of emissions come from the transportation sector, and these emissions are expected to continue to rise in the years ahead. We share your goal of reducing greenhouse gas emissions, and this project will help us do so by taking advantage of the energy efficiency of moving goods by rail. Building on an 85% increase in greenhouse gas intensity improvement since 1980, freight rail can help tackle the challenges of global warming. In fact, railroads are the most environmentally-friendly way to move goods on land – moving a ton of freight over 436 miles on a single gallon of fuel – and an independent study by Cambridge Systematics shows that the National Gateway will reduce over 2.7 tons of CO₂ in the first ten years alone.

Funding and Implementation

This ambitious public-private partnership calls for over \$700 million in public and private investment across six states and the District of Columbia. CSX Transportation has committed one half (\$387 million) of the total project cost, primarily for the construction of new intermodal terminals along the corridor, and a multi-state effort is being undertaken to secure approximately \$194 million, or 25% of the project cost, in federal transportation funds. State governments along the route would provide the remaining 25% in matching funds based on their share of the clearance work in their respective states. These double-stack clearance projects include track lowering, bridge raising and bridge replacement. Specific information on each of the clearance projects has been included in the formal project submission to the Committee.

Our states have already demonstrated our commitment to this project, and the broad-based interest it has generated, by allocating state rail program or federal stimulus funds to begin work even before the federal authorization process began. For example:

- The State of Ohio recently committed \$20 million in ARRA funds for National Gateway clearance projects in that state and an application for \$10 million is pending with the Ohio Department of Development for additional clearance projects. In addition, Ohio has committed \$5 million in Section 130 funds for rail safety-related improvements near the future Northwest Ohio intermodal terminal;
- The Commonwealth of Pennsylvania has committed to provide half (\$35 million) of the cost of clearance projects in that state over the next three years, with construction due to begin this summer. In addition, the Commonwealth of Pennsylvania provided \$500,000 from the Governor's Action Team for the Chambersburg intermodal terminal;
- The Commonwealth of Virginia has committed \$19 million in Virginia Rail Enhancement Fund monies between FY2010 and FY2015 for clearance projects in Virginia and the District of Columbia. Earlier this month, Virginia's Rail Advisory Board increased the funding level to \$26 million, and the Commonwealth Transportation Board will consider approving the increase in June.
- The State of Maryland has committed to provide 50% (up to \$75 million) in state or federal funds for a new CSX Intermodal facility in the Baltimore-Washington region; and
- The State of North Carolina (NCDOT and the NC Ports Authority) has committed to provide half (\$100,000) of the cost of clearance projects in that state. Construction will be completed in 2009.

In addition to the National Gateway clearances and funding commitments outlined above, our states are undertaking a number of public-private partnership initiatives related to congestion relief and freight mobility. These efforts along with the National Gateway clearances will have significant benefits in each of our states as well as along the National Gateway corridor as a whole.

Because some federal and state funds have already been committed to the National Gateway, we believe having USDOT provide project management and oversight will provide consistency among the six states and simplify the administration of the project.

Therefore, we respectfully request that USDOT serve as the lead agency for the implementation of this multi-state project, in the same way that Eastern Federal Lands served as the lead agency for the Heartland Corridor project.

Summary

The National Gateway and its double-stack clearance projects will help ensure that East Coast ports are ready for the growth in cargo likely to occur once the Panama Canal is widened in 2015. It also delivers over \$6 billion in public benefits – a 16 to 1 ratio – and will provide greater capacity for product shipments; reduce traffic congestion and carbon emissions and lower highway maintenance costs; and create thousands of jobs that directly or indirectly support the initiative.

We look forward to working with you in the coming weeks and months to secure the federal funding needed to make the National Gateway a reality and provide the economic stimulus our country so desperately needs.

Sincerely,



Governor Edward G. Rendell



Governor Martin O'Malley



Governor Beverly Perdue



Governor Ted Strickland



COMMONWEALTH of VIRGINIA

Office of the Governor

May 14, 2009

Timothy M. Kaine
Governor

The Honorable James L. Oberstar, Chairman
Committee on Transportation and Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable John L. Mica
Ranking Republican Member
Committee on Transportation and Infrastructure
U.S. House of Representatives
2163 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

I write in support of major passenger and freight rail investments to benefit the economy, the environment and our quality of life, not only in Virginia, but throughout the eastern United States.

The upcoming surface transportation authorization should include dedicated, long-term funding for the combined intercity and southeast high-speed passenger rail initiatives, as well as the Norfolk-Southern Crescent Corridor and the CSX National Gateway freight rail initiatives.

Virginia has a progressive and balanced rail program to secure public benefits in both passenger and freight rail improvements. The Commonwealth has committed more than \$149.6 million in state funds to these initiatives, and these prior commitments should be recognized in any matching requirements established in the authorizing legislation. Virginia also will be working with several states to seek Recovery Act funding for these three initiatives.

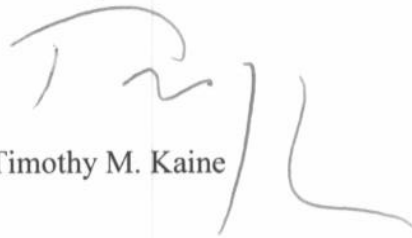
The Honorable James L. Oberstar
The Honorable John L. Mica
May 14, 2009
Page 2

Congress struggled during the last reauthorization to provide dedicated funding to specific passenger and freight rail improvements. Long-term, programmatic commitments will be even more challenging. We will need to address these structural issues if we are going to properly balance the needs of both freight and passenger rail in the U.S.

I look forward to working with you to achieve these important, long-term goals.

Sincerely,

Timothy M. Kaine

A handwritten signature in black ink, appearing to read 'Timothy M. Kaine', with a long horizontal flourish extending to the right.

TMK:es

c: The Honorable Edward Rendell, Governor, Commonwealth of Pennsylvania
The Honorable Joe Manchin, III, Governor, State of West Virginia
The Honorable Martin O'Malley, Governor, State of Maryland
The Honorable Beverly Purdue, Governor, State of North Carolina
The Honorable Ted Strickland, Governor, State of Ohio
Mr. Joseph Szabo, Federal Railroad Administrator
Mr. Joseph Boardman, Amtrak President and CEO
Mr. Micheal Ward, President, CSX
Mr. Charles "Wick" Moorman, CEO, Norfolk Southern President

How tomorrow moves [CSX]

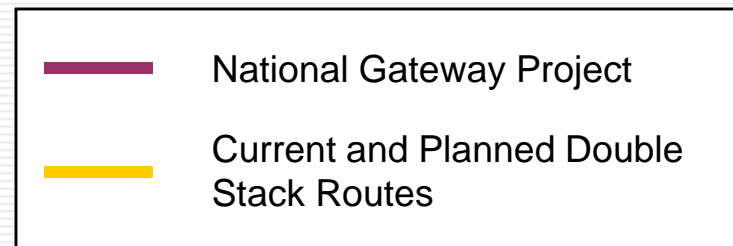


The National Gateway
Preparing for Tomorrow
September 2009

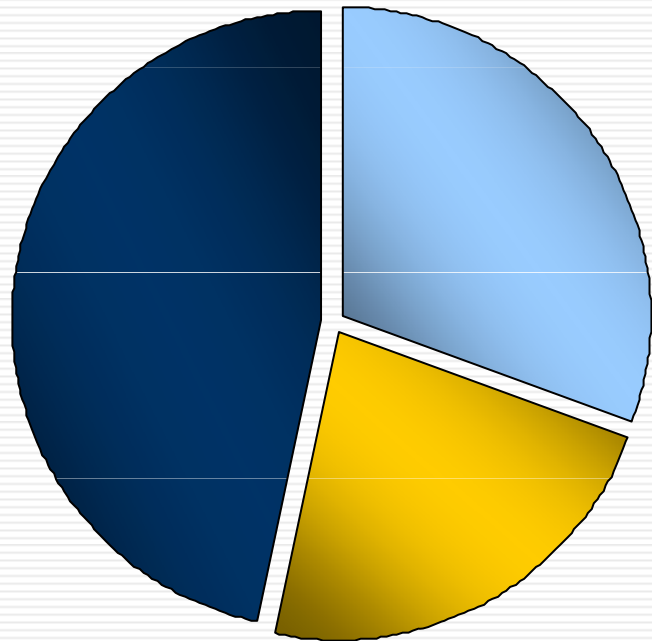
National Gateway: Critical to Meeting Future Freight Demands



- Freight growth is coming
- New intermodal facility in BWI reduces logistics costs and helps manage freight movement
- More freight with fewer trains
 - increases efficiency
 - reduces rail and highway congestion
 - lowers maintenance costs
 - lessens emissions and saves fuel



National Gateway costs and funding



■ Federal ■ State ■ CSX

Federal = \$258 Million

State = \$191 Million

CSX = \$393 Million

Total = \$842 Million

***\$6 in public benefits for every
\$1 of public funds invested***

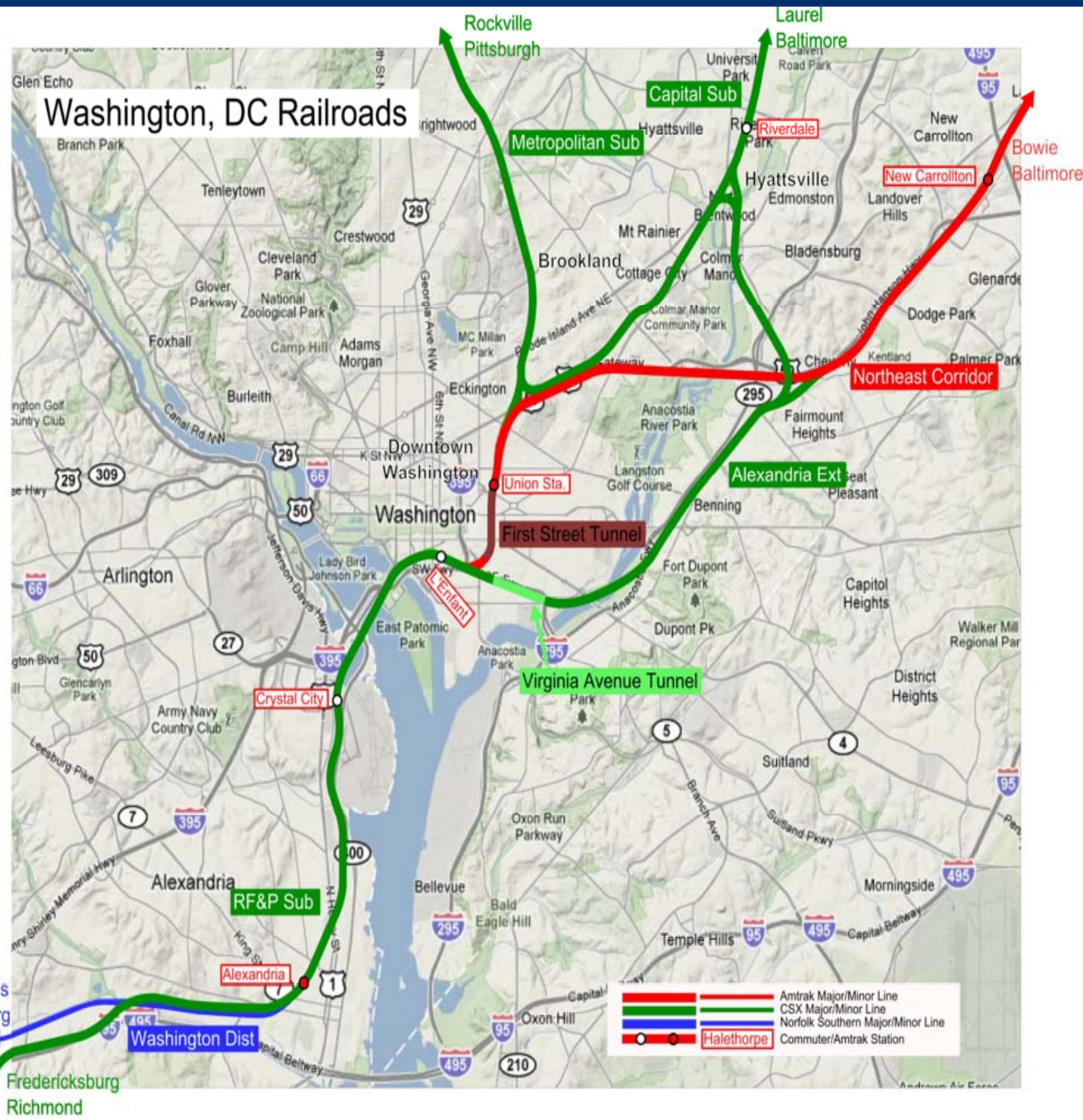
Combined Benefits for Washington Region*

	Maryland	DC	Virginia
Clearance Project Impacts			
Additional Employment (Total)	458	1, 868	111
Gallons of Gasoline Avoided (Millions)	113.0	35.8	100.0
Reduced CO2 emissions (Tons)	1,345,596	426,568	1,190,896
Monetized Benefits			
Shipper Cost Savings – Existing Rail (Million, \$)	\$249.9	\$79.2	\$221.2
Shipper Cost Savings – Diverted Trucks (Million, \$)	\$131.0	\$41.5	\$115.9
Logistic Cost Savings – Existing Rail (Million, \$)	\$17.4	\$5.5	\$15.4
Pavement Maintenance Savings (Million, \$)	\$76.4	\$24.2	\$67.6
Accident Cost Savings (Million, \$)	\$71.2	\$22.6	\$63.0
Congestion Savings (Million, \$)	\$43.4	\$13.8	\$38.4
Emissions Savings (Million, \$)	\$23.9	\$7.6	\$21.2
Increased Employment (Million, \$)	\$23.7	\$90.5	\$21.0
Noise Savings (Million, \$)	\$0.4	\$0.1	\$0.4
Benefit Cost Analysis Results			
Total Discounted Benefits (Million, \$)	\$637.3	\$285.0	\$564.0

Passenger Rail

- Virginia Avenue Tunnel is a bottleneck that when unlocked improves the freight efficiency and mitigates the expected freight growth in the region
- Today average 80-90 trains per day through DC Corridor
 - 28-32 CSX, 30 VRE trains, 18-20 Amtrak, and 38 MARC trains per day
 - MOU with MARC for 4 additional trains (2 Dorsey, 2 Camden)
 - Amtrak also has agreement to add 4 trains from VA to DC
 - MARC's 2035 vision increases from 11k daily seats to 43k
 - VRE's 2025 visions looks to add 44 daily commuter trainsy
 - HSR – Richmond to DC
- In combination with other projects – MD Avenue, Long Bridge, VA 3rd Main, Union Station – the region's overall rail system is enhanced and passenger visions complimented

Washington, DC Railroads



National Gateway Projects in the National Capital Region

#	State	Project Name	Description	City, County	Cost	County	Historic Designation	Historic Clearance Req.
1	Maryland	Germantown Pedestrian Bridge	Replace Bridge	Germantown, Montgomery	\$1,433,500	Montgomery	No	No
2	Maryland	Deer Park Drive	Raise or Replace Bridge	Washington Grove, Montgomery	\$3,749,200	Montgomery	Within Historic District, but not on Register	No
3	Maryland	Balt. Washington Parkway Rt. 295	Lower Track	Hyattsville, Prince George's	*	Prince Georges	No	No
4	Maryland	Kenilworth Ave.	Lower Track	Hyattsville, Prince George's	\$254,000*	Prince Georges	No	No
5	Maryland	Catoctin Tunnel	Total Arch Liner Removal	Catoctin, Frederick	\$2,757,000	Frederick	No	No
6	Maryland	Point of Rocks Tunnel	Total Arch Liner Removal	Point of Rocks, Frederick	\$4,522,000	Frederick	No	No
7	Virginia	Railroad Ave.	Replace Bridge	Woodbrige, Prince William	\$2,757,000	Woodbridge	No	No
8	District of Columbia	Virginia Ave. Tunnel	Raise/Replace Tunnel Roof, Double Track Double Stack	District of Columbia	\$140,000,000	District of Columbia	No	No
9	District of Columbia	New Jersey Ave.	Lower Track	District of Columbia	\$5,006,000	District of Columbia	No	No
10	District of Columbia	10th St.	Lower Track	District of Columbia	**	District of Columbia	No	No
11	District of Columbia	I-395 Ramp	Lower Track	District of Columbia	**	District of Columbia	No	No
12	District of Columbia	12th St. SW	Lower Track	District of Columbia	\$6,387,000**	District of Columbia	No	No
13	District of Columbia	Potomac River Swing Bridge	Bridge Modification	District of Columbia	\$415,000	District of Columbia	No	No

* The cost for #4 includes the cost for #3

** The cost for #12 includes the cost for #10 and #11