

ITEM 9 - Action
January 20, 2010

Approval of TPB Letter of Support for the Norfolk Southern
Crescent Corridor Intermodal Freight Project

Staff

Recommendation: Approve the enclosed TPB letter of support for the Norfolk Southern Crescent Corridor Intermodal Freight Project to be submitted to Secretary of Transportation Ray LaHood.

Background: At the December 16 meeting, the Board deferred the consideration of a TPB letter of support for the Crescent Corridor project as requested in the enclosed letter from Norfolk Southern dated October 2, 2009. The deferral of the consideration of TPB letter was in response to a request from the Maryland Department of Transportation (MDOT) for additional information on the potential impacts of the project on freight movements in Maryland. The Board will be updated on the additional Maryland information and asked to approve the enclosed TPB letter of support for the project.

The Crescent Corridor project aims to make better use of existing rail facilities between the Northeast and the South along several Interstate corridors, including I-95 and I-81.

National Capital Region Transportation Planning Board

777 North Capitol Street, NE, Suite 300, Washington, D.C. 200052-4290 – Phone 202/962-3310 – Fax 202/962-3202

DRAFT

January 20, 2010

MDOT proposed modifications shown in bold

Secretary Ray LaHood
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, DC 20590

Dear Secretary LaHood:

The National Capital Region Transportation Planning Board (TPB), which is the federally designated Metropolitan Planning Organization (MPO) for Washington, D.C., Suburban Maryland, and Northern Virginia, is pleased to have the opportunity to provide comment on the Norfolk Southern Crescent Corridor Intermodal Freight Project. On October 2, 2009, the TPB received a request from Norfolk Southern Corporation for an official letter of support for the Crescent Corridor Project.

In its regional transportation planning role, the TPB is concerned about regional transportation flows for all modes, including freight rail. The TPB recognizes the need to address projected rapid growth in freight rail 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 Crescent Corridor parallels several interstates along the East Coast and provides many opportunities for domestic container and trailer-to-rail diversions—884,000 and 878,000 annual truck diversions from Maryland and Virginia respectively, according to a Cambridge Systematics analysis for Norfolk Southern. These reductions will directly benefit metropolitan Washington roadways, particularly I-95 and other nearby routes. In addition to congestion benefits, the TPB is also interested in potential reductions in vehicle emissions from moving a greater share of freight by rail instead of by truck.

~~The TPB is pleased to join the Governor of Virginia, six other Governors, and numerous other public officials and agencies in support of the Crescent Corridor Intermodal Freight Project in the upcoming Surface Transportation Authorization. As it has done for similar multi-state freight rail corridor capacity projects, the TPB is pleased to support the proposed Crescent Corridor Intermodal Freight Project.~~ We welcome the leveraging of significant private investment in this project, along with potential funding from the new federal transportation authorization (recognizing that this does not ~~include~~ **extend to** the current federal TIGER competitive grants, for which the region has identified other priorities, **and that TPB member organizations may have other federal funding priorities**).

The TPB notes that the Crescent Corridor projects will be built in three phases. The final 2,500 mile network will link the supply chain from the South to the Northeast. As this project moves forward, we urge Norfolk Southern to coordinate closely with **all affected parties and neighboring jurisdictions, including** TPB, the Virginia Railway Express, Amtrak, the Washington

Secretary Ray LaHood
January 20, 2010 – **DRAFT**
Page Two

Metropolitan Area Transit Authority, **the Hagerstown Eastern Panhandle MPO**, and state and local governments in the region to:

- Ensure that local impacts, including **increased local truck traffic in the vicinity of Norfolk Southern-owned intermodal facilities**, noise, safety, **grade crossing (conversion to separated grade crossings on major transportation routes)**, and hazardous materials considerations, are **adequately addressed to the satisfaction of these entities** as these projects are developed; and
- Continue and expand upon actions to relieve current and potential future bottlenecks and conflicts between rail freight traffic and the passenger rail services provided by the Virginia Railway Express and Amtrak, and allow for current and future passenger rail expansion.

The TPB agrees that the Crescent Corridor will enhance the nation's ability to handle projected increases in freight traffic, reduce overall freight shipping costs, ease congestion and emissions **on long-distance routes**, and minimize highway and road maintenance costs and delays **associated with long-haul trucking**. We look forward to working with Norfolk Southern as the Crescent Corridor advances.

Sincerely,

David Snyder
Chairman
National Capital Region
Transportation Planning Board

cc:

Darrell L. Wilson, Assistant Vice President, Norfolk Southern
Joseph Boardman, President and Chief Executive Officer, Amtrak
Pierce Homer, Secretary, Virginia Department of Transportation
Gabe Klein, Director, District Department of Transportation
Beverly Swaim-Staley, Secretary, Maryland Department of Transportation
Ralign T. Wells, Administrator, Maryland Transit Administration
Dale Zehner, Chief Executive Officer, Virginia Railway Express



Norfolk Southern Corporation
Government Relations
One Constitution Avenue, N.E. Suite 300
Washington, DC 20002
202/675-8200
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Darrell L. Wilson
Assistant Vice President

January 6, 2010

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

Dear Chairman Jenkins:

I would like to take this opportunity to address Mr. Donald Halligan of the Maryland Department of Transportation's (MDOT) motion to delay the Transportation Planning Board's vote for approval of the Crescent Corridor support letter made during the December 16th meeting.

Since the first quarter of 2009, Norfolk Southern has gone to great lengths keeping MDOT abreast of the Crescent Corridor Intermodal Freight Program as it affects the state. While the Crescent Corridor's TIGER application does not include any projects within Maryland, Norfolk Southern has nevertheless provided prompt responses to all the questions MDOT has posed.

On October 6, 2009, Norfolk Southern's Business Development Vice President, Dr. Rob Martinez, formerly Secretary of the Virginia DOT, sat down with MDOT representatives including Caitlin Rayman Hughes, Assistant Secretary for Transportation Policy, to specifically address truck traffic impacts from the Crescent Corridor. During this meeting, Alan Meyers of Cambridge Systematics (CS) joined the meeting via teleconference to discuss the truck diversion analysis he provided for the Corridor. At length, both Dr. Martinez and Mr. Meyers discussed how the Crescent Corridor will reduce truck vehicle miles traveled (VMTs) by more than 32 million miles in Maryland annually, or the equivalent of 884,000 long-haul trucks diverted to rail, when the Corridor is fully developed. Notably, these truckloads neither originate nor are destined for Maryland and therefore reduce mobility and quality of life standards within the state without delivering economic development opportunities. (Please find attached subsequent correspondence from that October 6th meeting with MDOT, including the origin-destination truck VMT reduction spreadsheet Mr. Meyers prepared for the state.)

Delving further into how CS arrived at its conclusion that the Crescent Corridor, at full development, would reduce Maryland interstate highway VMTs by more than 32 million miles annually, CS' first analysis step determined which highway routing would experience reduced truck mileage as a result of the Corridor for each origin-destination move. CS had access to interstate highway truck origin-destination surveys conducted by the Commonwealth of Virginia. For many moves, CS was able to assign truck traffic to highway routes according to actual survey data. For other moves, CS identified "least distance" highway routes between cities and regions. CS then compiled estimates of truck travel distance associated with each highway routing. Norfolk Southern provided corresponding estimates of rail travel distance associated with each rail routing.

From this information, CS tabulated the total anticipated traffic over the Corridor by origin-destination pair, the corresponding rail mileage incurred, and the equivalent long-haul truck mileage avoided. Truck mileage associated with local pickup and delivery, including from the proposed Franklin County Regional Intermodal Facility in Greencastle, Pennsylvania, was not included in the avoided mileage. That being said, however, the modest size of this facility, capable within four years after opening of handling 85,000 lifts (a lift is counted when a container or trailer is loaded onto or lifted off of a railcar), combined with the inherent economic incentive of reducing drayage between intermodal rail facilities and intermodal rail customers, clearly shows that local drayage will be negligible relative to the net VMT reduction of long-haul trucks diverted off Maryland's highways. Presently, the overwhelming majority of long-haul freight is being moved by truck between the Northeast and South. The Crescent Corridor offers a more sustainable alternative for Maryland and its roadways, eliminating a significant amount of long-haul truck traffic which is neither originating from nor destined for consumption within the state.

For the Hagerstown region, trucks making pickups and deliveries will be on local roads serving businesses with or without the Crescent Corridor and the Franklin County Regional Intermodal Facility. What the Crescent Corridor offers for the region is congestion relief from the perspective of diverting more than 6.3 million long-haul through truck VMTs annually from I-81, according to Cambridge. Additionally, the Franklin County Intermodal Facility will help spur nearly 1,800 jobs (both direct and indirect) as well as deliver an annual economic impact of \$81 million by 2020 within the state as a result of industrial expansions, according to Insight Research Corporation. This development will complement a region which is already touted as a "crossroads for commerce" (http://www.hagerstowndc.org/bc_transportation.aspx) and most recently recognized by Expansion Solutions Magazine's 2009 Awards of Excellence in the Warehousing/Distribution industry category as one of the nation's top five locations where warehouse/distribution companies can thrive (http://www.expansionsolutionsmagazine.com/awards09_warehouse.) The Hagerstown/Eastern Panhandle Metropolitan Planning Organization recognizes the unique opportunity the Crescent Corridor presents, which is why this past August they signed a letter of support endorsing the Crescent Corridor. (Please find attached their support letter.)

Chairman Jenkins
January 6, 2010
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As the second analysis step, CS translated non-monetized benefits for the first full operating year into monetized equivalents. To accomplish this, CS developed a detailed spreadsheet model based on benefit categories and factors specified by TIGER guidance, along with supporting data from the Highway Economic Requirements System (HERS) model, the IMPLAN input-output model, and other federal and state sources. All monetized benefits were estimated in 2009 dollars, without inflation in future years. A cumulative 30-year benefit stream analysis for Maryland, with no discounting, reveals that the Crescent Corridor will: reduce VMTs by more than 1.1 billion miles resulting in \$82 million in savings to the state from pavement wear and tear avoidance; provide travel time savings of 38 million hours or the monetized equivalent of \$940 million; provide fuel savings of more than 150 million gallons or the equivalent of \$561 million; and will prevent 1,166 accidents from occurring or the equivalent of \$131 million. (Please find attached CS' 30-year Crescent Corridor Executive Summary.)

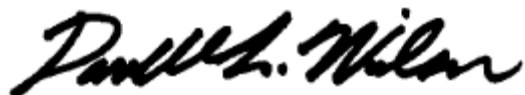
Clearly, the rigorous methodology CS employed for Crescent demonstrates substantial public benefits for the state of Maryland. The information enclosed in this letter as well as the attached documents have previously been shared with MDOT. Norfolk Southern resolutely believes the areas of concern MDOT presented on December 16th have been more than adequately addressed in previous correspondence. Furthermore, Norfolk Southern has not requested any financial commitment from Maryland for the Crescent Corridor, even while this project will deliver more than \$106 million in monetized annual long-term public benefits when fully developed.

Norfolk Southern believes that the public benefits the Crescent Corridor will deliver to Maryland and the National Capital Region as well as the detail and quality that went into Cambridge's independent analysis are compelling reasons why both MDOT and the Transportation Planning Board should be on public record supporting it.

For the foregoing reasons, I trust that the Transportation Planning Board will vote to approve a support letter for the Crescent Corridor on January 20, 2010.

With kind regards, I remain,

Sincerely,

A handwritten signature in black ink, appearing to read "Darrell L. Wilson". The signature is written in a cursive, flowing style.

Darrell L. Wilson
Assistant Vice President

Chairman Jenkins
January 6, 2010
Page 4 of 4

CC: Transportation Planning Board Members

Phil Mendelson
Yvette Alexander
Muriel Bowser
Gabe Klein
Harriet Tregoning
Todd Turner
Gary Hodge
Patrick Wojahn
Linda Smyth
Paul Smith
Henry Marraffa
Rodney Roberts

Donald Halligan
Marc Elrich
Arthur Holmes
Tony Knots
Haitham Hijazi
Susan Hoffmann
Colleen Clay
William Bronrott
Jennie Forehand
Kerry Donley
Christopher Zimmerman
Dan Drummond

Catherine Hudgins
David Snyder
Lori Waters
Jonathan Way
Suhas Naddoni
Michael May
John Jenkins
Margaret Vanderhye
Patricia Ticer
John Catoe



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Darrell L. Wilson
Assistant Vice President

January 6, 2010

Donald Halligan
Office of Planning and Capital Programming
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover, MD 21076

Dear Mr. Halligan:

I would like to address areas of concern you expressed in your motion to delay a vote to support the Crescent Corridor for 30 days at the Transportation Planning Board's December 16th meeting.

Norfolk Southern has exercised due diligence over this past year with MDOT as it pertains to the Crescent Corridor in providing prompt, thorough, and accurate information. Since the first quarter of 2009, MDOT's Assistant Secretary for Transportation Policy, Caitlin Rayman Hughes, among others, has been kept regularly updated as this project has developed. Correspondence has included periodic face-to-face meetings between NS and MDOT representatives, such as on October 6, 2009 with NS Business Development Vice President, Dr. Rob Martinez and Assistant Secretary Hughes, as well as, at times, daily email and telephone exchanges. NS has always remained actively engaged with MDOT concerning the Crescent Corridor and, accordingly, considers itself to be a freight partner with Maryland.

The areas of concern you raised on December 16th were expressed earlier in the year by MDOT and more than adequately answered earlier in the year by NS. Principally, while there will be associated local pickups and deliveries on Maryland roadways from the new Franklin County Regional Intermodal Facility, the fact remains that VMTs from these movements will be marginal compared to VMT reductions from long-haul truck diversions to rail. It belies prudent policy not to support a project that will, according to Cambridge Systematics, reduce truck VMTs by more than 32 million miles annually, or more than 1.1 billion miles over 30 years. And truck diversions to rail represent the linchpin for all the other associated public benefits every state transportation department seeks to achieve, including fewer accidents, less congestion, and improved quality of life standards. The Crescent Corridor will help MDOT fulfill its obligation to the state and its citizens by reducing over the next thirty years travel time by 38 million hours, fuel consumption by 150 million gallons, carbon dioxide emissions by 1.6 million tons, and accidents by 1,166.

Mr. Halligan
January 6, 2010
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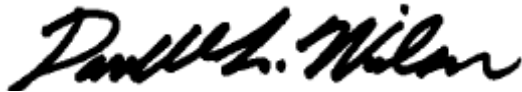
Previously, Maryland has gone on record acknowledging that intermodal rail corridor projects have significant utility in freight transportation and can strengthen the state's entire surface transportation network, as evidenced by the Memorandum of Understanding the state signed earlier committing \$75 million for CSX's National Gateway intermodal terminal in the Baltimore/Washington region. In fact, the state has gone to great lengths to receive TIGER funds for that project. Consequently, then, if the state finds one intermodal rail corridor project acceptable and has committed funds to see that it becomes a reality, it stands to reason that the Crescent Corridor Program – which is not requesting any financial commitment from Maryland but will nonetheless deliver more than \$106 million in monetized annual long-term public benefits when fully developed – should also receive public support, if not similar treatment.

If MDOT has any additional concerns it wishes to express about the Crescent Corridor prior to the next Transportation Planning Board meeting on January 20, 2010, NS stands prepared to respond, as in past instances, promptly, thoroughly, and accurately.

In light of the substantial public benefits the Crescent Corridor will deliver to Maryland and the National Capital Region, NS expects that MDOT will allow the Transportation Planning Board to vote to approve the Crescent Corridor support letter on January 20th and would hope that MDOT would join other TPB members in approving that letter.

With kind regards, I remain,

Sincerely,



Darrell L. Wilson
Assistant Vice President

CC: Transportation Planning Board Members

Phil Mendelson
Yvette Alexander
Muriel Bowser
Gabe Klein
Harriet Tregoning
Todd Turner
Gary Hodge
Patrick Wojahn
Linda Smyth
Paul Smith
Henry Marraffa
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Dan Drummond
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Catherine Hudgins
Lori Waters
Jonathan Way
Suhas Naddoni
Michael May
Margaret Vanderhye
Patricia Ticer
John Catoe
David Snyder
Charles Jenkins



Norfolk Southern Corporation

**C. Scott Muir
Assistant Vice President
Government Relations**

Caitlin Hughes Rayman
Assistant Secretary for Transportation Policy
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover, MD 21076

October 9, 2009

Dear Assistant Secretary Rayman:

Thank you for the opportunity to meet you and members of your staff on Tuesday, October 6 to review our freight railroad investments and opportunities in Maryland. We assembled a group of managers and consultant Alan Meyers to provide detailed information on Maryland freight movement, customer opportunities and our Crescent Corridor public benefits.

From this meeting and a subsequent conversation Wednesday with Rick Johnson we understand you have two remaining questions about the Crescent Corridor:

The first asks Norfolk Southern to provide data developed by consultant Cambridge Systematics concluding Crescent Corridor will reduce the truck traffic passing through Maryland on Interstate 95 by 23 million miles per year, and also reduce truck traffic by 6 million miles per year on Interstate 81.

The second asks Norfolk Southern to provide a more detailed prediction of how a Crescent Corridor intermodal terminal would impact local traffic in the greater Hagerstown region if located in Greencastle PA.

We are happy to provide this supplemental information in the attached documents.

Finally, realizing that a great deal of information has been shared between Norfolk Southern and Maryland in recent weeks and months, it is worth highlighting the Crescent Corridor's most salient points.

First, Cambridge Systematics found that the Crescent Corridor project delivers an extremely favorable benefit-to-cost ratio of **24.8: 1** from 2011-2040. Even earlier, however, Crescent still delivers a **15.5: 1** benefit-to-cost ratio. In other words, the Crescent Corridor will deliver \$15.50 in benefits for every \$1 dollar of investment.

Cambridge's cumulative 20-year summary of benefits from Crescent within Maryland (without discounting) includes:

- VMT Reduced: 637,000,000
- Hours of Travel Saved: 20,731,564
- Gallons of Fuel Saved: 82,007,197
- Tons of Carbon Dioxide Eliminated: 910,280
- Accidents Avoided: 633
- Pavement Savings: \$45,000,000
- Congestion Savings: \$510,000,000

Secondly, the Crescent Corridor will create 47,000 jobs by 2020 and 73,000 jobs by 2030, according to economic impact analysis by Insight Research Corporation. As a direct result of anticipated industrial expansions near the proposed Greencastle, Pennsylvania intermodal facility, Insight projects this will result in more than \$100 million in capital investments to construct 2 million additional square feet of commercial space throughout the greater Hagerstown region. Annual employment by 2020 from these expansions will top 650 FTEs, with a payroll of approximately \$19.5 million.

Both the strong benefit-to-cost ratio and job creation potential support our conclusion that ***the Crescent Corridor delivers the single greatest return on investment from TIGER funding of any comparable project.***

The Governors of Pennsylvania, Alabama, Mississippi, Tennessee, Virginia, and West Virginia, 14 U.S. Senators, 32 U.S. Representatives, 12 metropolitan planning organizations and nearly 100 other local and state officials, businesses, and nonprofits have recognized this and have pledged their full support behind the Crescent Corridor's TIGER application.

Despite their diverse backgrounds and political affiliations, Crescent Corridor supporters realize that the stakes are simply too high to ignore growing transportation challenges along this integral corridor and that the Crescent Corridor represents the best prospect for augmenting highway capacity, by diverting long-haul domestic trucks onto this rail corridor, while stimulating job creation.

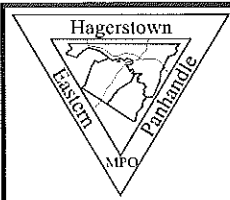
Our meetings and discussions with MDOT since the first quarter of this year have focused on demonstrable Crescent Corridor benefits to the economy, environment, and transportation system within Maryland. We believe third party consultants Insight Research and Cambridge Systematics have provided sufficient information to conclude that significant benefits will accrue within the state.

We respectfully request your support for a communication from Secretary Swaim-Staley to U.S. DOT Secretary LaHood acknowledging Crescent Corridor benefits to Maryland.

Sincerely,



Cc: Secretary Beverley K. Swaim-Staley



Hagerstown/Eastern Panhandle Metropolitan Planning Organization

33 W. Washington St., 4th Floor, Suite 402, Hagerstown, MD 21740

Phone: 240-313-2080, Fax: 240-313-2084

www.hepmo.net

September 28, 2009

Mr. Herbert Smith
Government Relations
Norfolk Southern Corporation
One Constitution Avenue, Suite 300
Washington, DC 20002

Re: Transportation Investment Generating Economic Recovery (TIGER)
Discretionary Grants – Norfolk Southern's Crescent Corridor Project

Dear Mr. Smith:

The Hagerstown/Eastern Panhandle Metropolitan Planning Organization (HEPMPO) held our quarterly meeting on September 23, 2009. During the meeting, the Interstate Council, the governing body of the MPO, discussed the proposed TIGER Grant application for Norfolk Southern's Crescent Corridor project. A motion was unanimously approved to send this letter to express the position of the HEPMPO Council in relationship to the proposed project.

The HEPMPO is generally supportive of projects that serve to improve the movement of freight within the region and increase economic development activity. However, the growing congestion on the region's transportation network is a major concern as we plan for the future. The proposed project will have an impact on the region's rail capacity but there are concerns as to whether it will have a positive impact upon the growing congestion on the regional transportation network. The increase of rail traffic associated with the project along with the many at grade rail crossings in the region result in a number of concerns and local issues to numerous to be addressed in this letter. For example, the potential of increased congestion in the vicinity of the at grade rail crossings, the impacts to public safety and air quality implications are just a few of the issues. Furthermore, the proposed intermodal freight terminal just north of the region's boundary near Greencastle, PA will certainly attract significant truck traffic. This would most likely exacerbate the congestion issues on the region's highway network, particularly along Interstate 81.

Given the implications of the proposed project and the number of local issues and concerns that would arise, we would encourage you to proactively discuss the project and

Mr. Herbert Smith
September 28, 2009
Page Two

it's implications with the local officials within the region. As you know, this project if funded through the TIGER grant program would require an amendment of the region's TIP. The amendment would require an approved motion of the Interstate Council. The manner in which your corporation plans to handle these local impacts/concerns will have an effect on whether the MPO board approves an amendment to the TIP. Therefore, we would welcome an open discussion of the proposed project at the MPO level as a first step in addressing local concerns and an initial step in potentially acquiring the MPO's endorsement for a future TIP amendment. Finally, we appreciate your participation in our Long Range Plan update process and the information that you have provided to our consultant. However, we would invite you to meet directly with our governing body in the near future so that we can discuss the project in more detail.

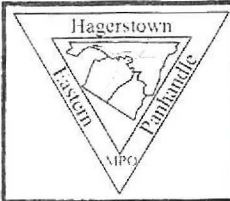
If you wish to contact me, you can reach me at (240)313-2206 or contact Mr. Robert Gordon the MPO director at (240)313-2081 and he can set up a time for you to meet with our members.

Sincerely,



James F. Kercheval
Chairman

Cc: The Hon. John F. Barr – President, Washington County Commission
The Hon. Ronald Collins – President, Berkeley County Commission
The Hon. Dale Manuel – President, Jefferson County Commission
The Hon. Robert E. Bruchey, II – Mayor, City of Hagerstown
The Hon. George Karos – Mayor, City of Martinsburg
The Hon. Peggy Smith – Mayor, City of Charles Town
The Hon. A. David Hamill – Mayor, City of Ranson
HEPMPO Interstate Council Members
Hagerstown-Washington County Chamber of Commerce
Martinsburg-Berkeley County Chamber of Commerce
Jefferson County Chamber of Commerce
TAC Members
File



Hagerstown/Eastern Panhandle Metropolitan Planning Organization

33 W. Washington St., 4th Floor, Suite 402, Hagerstown, MD 21740

Phone: 240-313-2080, Fax: 240-313-2084

www.hepmpo.net

August 11, 2009

The Honorable Raymond LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

Re: Crescent Corridor – TIGER Discretionary Grant Support Letter

Dear Secretary LaHood:

As you know, traffic congestion is a growing problem on our nation's surface transportation systems. The growing congestion costs motorists, businesses, and communities longer travel times, lost productivity, and diminished air quality and fuel efficiency standards. It is estimated that accidents and traffic delays cost Americans more than \$365 billion a year – \$1 billion a day – or \$1,200 for every man, woman, and child in the nation. Diminished mobility also weakens the nation's global competitiveness; information provided to our office suggests that in four short years, total logistics costs for U.S. companies increased \$412 billion from 2004 to 2008.

Furthermore, there is a growing gap between freight transportation demand and capacity. For example, between 1980 and 2007, commercial truck vehicle miles traveled (VMT) more than doubled, while roadway lane miles increased by only 6.8 percent. Current projections suggest that by 2035, freight demand is expected to again double. However, construction of additional roadway capacity will continue to grow at a modest rate. The result of this crippling trend is increasingly felt throughout the eastern U.S., especially along parts of Interstate 81, where over 30 percent of the congestion is attributable to commercial trucks. Ultimately, the rising demand for freight transportation, coupled with the limited investment in our nation's transportation infrastructure, will result in more gridlock on our transportation system and in our communities.

Norfolk Southern's proposed Crescent Corridor Intermodal Freight Project, will have a positive impact on our region's transportation infrastructure. Once this corridor is completed it will help to reduce congestion, mitigate air pollution and fuel consumption, improve commuter safety, shorten travel times, and enhance global competitiveness. This 2,500-mile Crescent Corridor Intermodal Network will provide the most direct intermodal rail route between the Mid-Atlantic and the Southeast. Both the Hagerstown/Eastern Panhandle region and the nation will benefit from this project.

Information provided by Norfolk Southern demonstrates that historically, intermodal rail along the I-81 Crescent Corridor has been commercially underserved. Today, intermodal rail

constitutes less than a 5% market share along the Crescent Corridor, compared to a 50% market share between New York and Chicago. However, with modest investment towards terminal and rail capacity enhancements, data suggests that intermodal rail along the Crescent Corridor could divert 1.3 million trucks off of the interstate highway system annually.

According to Cambridge Systematics, by 2020 the Crescent Corridor has the potential to provide the following annual public benefits within Maryland, Pennsylvania, and West Virginia:

Maryland	883,599 - trucks diverted to rail 32,077,278 - truck vehicle miles traveled reduced 4,129,965 - gallons of diesel fuel saved \$5,515,164 - congestion savings \$2,245,409 - highway maintenance savings \$3,568,417 - accident avoidance savings 45,843 - tons of CO ₂ emissions reduced
Pennsylvania	690,070 - trucks diverted to rail 76,837,733 - truck vehicle miles traveled reduced 9,892,895 - gallons of diesel fuel saved \$9,454,300 - congestion savings \$5,378,641 - highway maintenance savings \$8,547,767 - accident avoidance savings 109,811 - tons of CO ₂ emissions reduced
West Virginia	642,151 - trucks diverted to rail 17,125,456 - truck vehicle miles traveled reduced 2,204,911 - gallons of diesel fuel saved \$2,115,948 - congestion savings \$1,198,782 - highway maintenance savings \$1,905,111 - accident avoidance savings 24,475 - tons of CO ₂ emissions reduced

One of the Corridor's major terminal capacity enhancements is the proposed Franklin County Intermodal Facility located in Antrim Township, Pennsylvania, approximately three miles north of the Pennsylvania – Maryland border. This new intermodal terminal will occupy 261 acres currently under option by Norfolk Southern, adjacent to the planned 1,000 acre Antrim Commons Business Park. Highway access will be via a new ¾ mile long road to be built directly linking the site to both I-81 and U.S. Route 11 at Interchange 3, providing easy access and ensuring fluid freight movements.

The Hon. Raymond LaHood
Page Three
August 11, 2009

In its initial phase, the Franklin County Intermodal Facility will perform 85,000 lifts annually within four years after opening, servicing industries throughout the Hagerstown/Eastern Panhandle region as well as Baltimore/Washington. This particular intermodal terminal will handle two inbound and two outbound trains daily, originating from and destined for Birmingham, Alabama and Memphis, Tennessee.

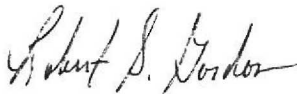
According to an Economic and Employment Impact Analysis completed in April 2009 by Insight Research of Dallas, Texas, the Franklin County Intermodal Facility will create:

- \$1.48 billion in cumulative economic impact by 2020
- \$1.05 billion in related industrial expansion by 2020
- \$152 million in annual economic impact in 2020
- 4.7 million square feet of development related to the intermodal facility by 2020
- 3651 jobs related to the intermodal facility (both direct and indirect) by 2020
- 730 full time construction related jobs

Finally, as freight congestion increases, so does the cost it imposes on our economy and on the traveling public. The HEPMPO is particularly concerned with the growing congestion and safety concerns along the I-81 corridor. We feel that the Crescent Corridor Intermodal Freight Project will help to reduce congestion's crippling trend within this region. The Franklin County Intermodal Facility will also serve as an engine for economic growth throughout the Hagerstown/Eastern Panhandle area, while the Crescent Corridor in general will enhance the competitive position of area shippers and manufacturers by reducing costs, improving reliability, and providing market competitive shipping times.

We believe the Crescent Corridor will provide significant public benefits to our region, which is why we urge you to award TIGER Discretionary Grant funding for this project. We feel that this project meets the requirements of the TIGER criteria and is consistent with the goals and objectives of the TIGER Discretionary Grant program.

Sincerely,



Robert S. Gordon
Director

Cc: Mr. Herbert Smith, Government Relations – NS Corp.
File

Hagerstown/Greencastle Local Truck Traffic

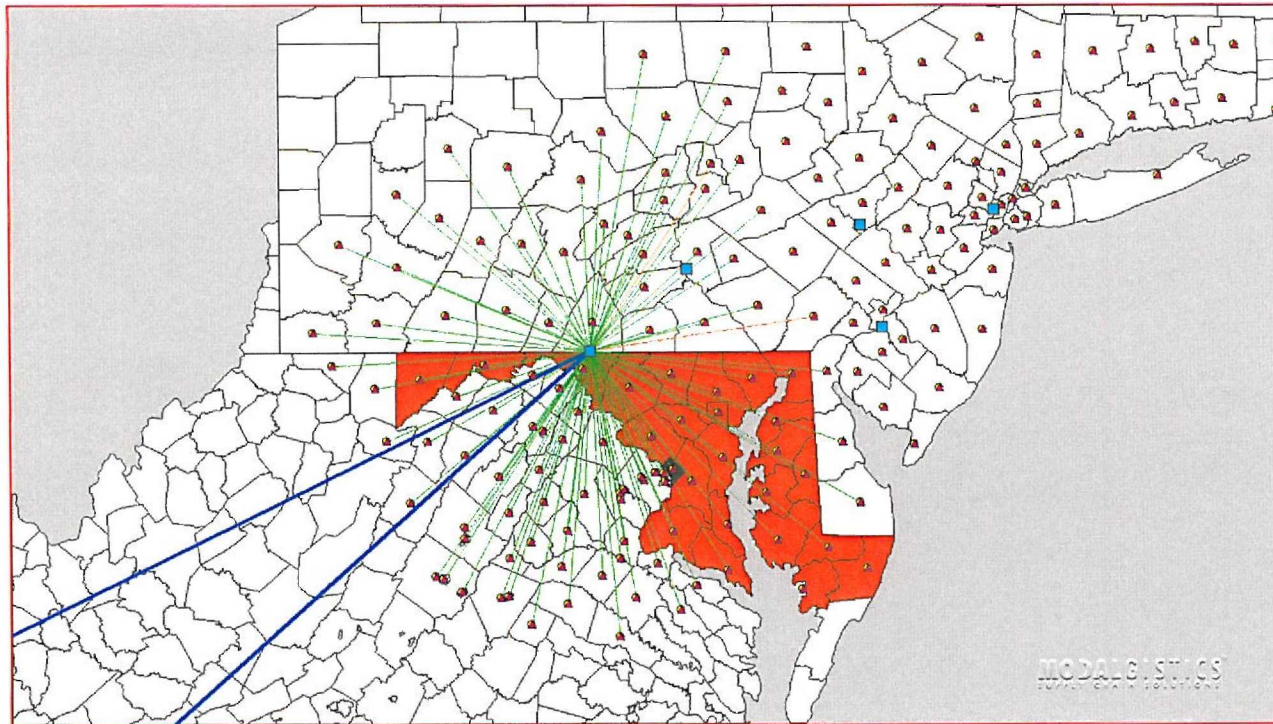
A Preliminary Overview of Inbound/Outbound Traffic for
Maryland/DC

Prepared by NS' Modalgistics

Andy Piper

12/October/2009

Hagerstown/Greencastle Intermodal Opportunities (Phase 1)



Loads	
Origins	
DC:	1.9%
DE:	1.8%
MD:	23.9%
PA:	37.5%
VA:	29.2%
WV:	5.7%
Destinations:	
DC:	12.0%
DE:	.9%
MD:	23.3%
PA:	20.3%
VA:	40.7%
WV:	2.8%

Top 10 MD Origins (by percentage)

Baltimore City	23.5%	Montgomery	5.4%
Baltimore	23.2%	Allegany	5.2%
Howard	9.2%	Washington	4.8%
Prince George	7.6%	Anne Arundel	4.6%
Harford	7.2%	Frederick	3.5%

Top 10 MD Destinations (by percentage)

Baltimore City	25.3%	Anne Arundel	7.2%
Montgomery	23.2%	Howard	4.9%
Baltimore	11.5%	Harford	3.6%
Prince George	7.7%	Frederick	2.6%
Washington	7.7%	Cecil	1.2%

Ultimate Origins/Destinations (Phase 1)

Major Origin County Flows into Maryland

- Shelby County, TN 12.8%
- Jefferson County, AL 9.3%
- Marengo County, AL 5.9%
- Mississippi County, AR 4.3%
- Lee County, MS 3.6%
- Madison County, AL 3.2%
- Pulaski County, AR 3.2%
- Talladega County, AL 2.9%
- Monroe County, AL 2.9%
- Lowndes County, MS 2.7%

Major Destination County Flows from Maryland

- Shelby County, TN 22.3%
- Jefferson County, AL 18.4%
- Cullman County, AL 14.0%
- Pulaski County, AR 7.8%
- Madison County, AL 5.8%
- Montgomery County, AL 2.5%
- White County, AR 2.1%
- Autauga County, AL 1.5%
- Morgan County, AL 1.4%
- Lee County, MS 1.2%

PUBLIC BENEFIT ANALYSIS OF THE “CRESCENT CORRIDOR” PROGRAM SUPPLEMENTAL 30-YEAR BENEFIT STREAM ANALYSIS Prepared by Cambridge Systematics, Inc.

Introduction

Cambridge Systematics, Inc. (CS) was retained by the Norfolk Southern Corporation (NS) to prepare a comprehensive quantitative analysis of the public benefits associated with the Crescent Corridor improvement program. Consistent with TIGER guidance, CS estimated monetized benefits from expected long-term outcomes and economic stimulus benefits. CS also estimated other non-monetized and monetized benefits that are particularly relevant for states that will benefit from the Corridor program.

An initial analysis was prepared for NS in support of their TIGER grant application. That analysis estimated benefits that would accrue over a 20-year analysis period. TIGER guidance was not specific on the required length of the analysis period, but most transportation B-C analyses are either 10 or 20 years based on the lifespan of the asset (e.g., its functional usability before major maintenance, repair or upgrade is due) and on increasing uncertainty of estimates over longer analysis periods. Guidance for ARRA rail grants suggests a 20-year period for rail project analysis, and this was deemed reasonable and appropriate for use for analysis in support of the TIGER application.

However, it is recognized that railroad improvements can provide benefits well beyond this 20-year analysis window. CS concluded its “Public Benefit Analysis of the ‘Crescent Corridor’ Program – Summary of Methodology” with the following:

“As a final note, it is suggested that decision-makers consider the potential benefits of this project beyond the 20-year period. The lifespan of rail infrastructure investments is far longer than 20 years. Most of the nation’s rail infrastructure was developed before 1900, and it has remained productive through maintenance, modernization, and adaptation to new markets and customer needs. If built, the Corridor would provide benefits not just through the year 2030, but well into the second half of the century, and would likely remain an important and enduring part of the nation’s freight transportation infrastructure.”

Following up on this suggestion, CS has quantified the public benefit streams associated with the Crescent Corridor program for a 30-year period, to supplement the previous analysis.

Benefits from Long-Term Outcomes

Six types of long-term outcomes were evaluated. State of Good Repair is the reduced public cost for highway maintenance. Economic Competitiveness is the direct, indirect, and induced value of transportation cost savings for freight shippers and receivers. Livability is the value of travel time savings for highway users. Sustainability is the value of reduced fuel consumption and air emissions. Safety and Security is the value of reduced highway accidents and fatalities. Permanent Wages is the value of wages from new direct, indirect and induced rail-related jobs resulting from the Corridor.

CS estimated the monetized benefit streams of these long-term outcomes over a 20-year analysis period (2011-2030), expressed in 2009 dollars without inflation, and discounted at rates of 3% and 7%. For the full Corridor, with a 3% discount rate, the Cumulative Value of long-term outcome benefits is \$55.0 billion; the NPV (Cumulative Value less the total construction cost of \$2.1 billion) is \$52.8 billion; and the BCR (NPV divided by initial project construction cost) is 24.8. With a 7% discount rate, the Cumulative Value is \$27.7 billion; the NPV is \$25.5 billion; and the BCR is 12.0.

Table 1. Cumulative 30-Year Monetized Public Benefit Streams (3 % Discounting, Millions of 2009 \$)

Long-Term Outcomes, 2011-2040	Full Corridor	Selected States				
		AL	MS	PA	TN	VA
State of Good Repair	\$ 1,907	\$ 188	\$ 96	\$ 112	\$ 303	\$ 391
Economic Competitiveness	\$ 21,613	\$ 1,286	\$ 1,210	\$ 3,815	\$ 1,729	\$ 865
Livability	\$ 11,945	\$ 981	\$ 574	\$ 915	\$ 1,625	\$ 2,051
Sustainability	\$ 3,063	\$ 302	\$ 154	\$ 179	\$ 487	\$ 629
Safety and Security	\$ 3,041	\$ 299	\$ 153	\$ 178	\$ 483	\$ 624
Permanent Wages	\$ 13,383	\$ 1,058	\$ 398	\$ 3,014	\$ 1,599	\$ 1,189
Cumulative Value	\$ 54,952	\$ 4,114	\$ 2,585	\$ 8,212	\$ 6,226	\$ 5,750
Net Present Value (NPV)	\$ 52,820					
Benefit-Cost Ratio (BCR)	24.8					

Table 2. Cumulative 30-Year Monetized Public Benefit Streams (7 % Discounting, Millions of 2009 \$)

Long-Term Outcomes, 2011-2040	Full Corridor	Selected States				
		AL	MS	PA	TN	VA
State of Good Repair	\$ 960	\$ 95	\$ 48	\$ 56	\$ 153	\$ 197
Economic Competitiveness	\$ 10,880	\$ 647	\$ 609	\$ 1,920	\$ 870	\$ 435
Livability	\$ 6,013	\$ 494	\$ 289	\$ 461	\$ 818	\$ 1,033
Sustainability	\$ 1,542	\$ 152	\$ 78	\$ 90	\$ 245	\$ 317
Safety and Security	\$ 1,531	\$ 151	\$ 77	\$ 90	\$ 243	\$ 314
Permanent Wages	\$ 6,737	\$ 533	\$ 200	\$ 1,517	\$ 805	\$ 599
Cumulative Value	\$ 27,664	\$ 2,071	\$ 1,301	\$ 4,134	\$ 3,134	\$ 2,895
Net Present Value (NPV)	\$ 25,531					
Benefit-Cost Ratio (BCR)	12.0					

Benefits from Economic Stimulus

Besides the monetized long-term outcome benefits, the Corridor program generates significant economic stimulus benefits during the construction period (January 2010 through February 2012), including: construction spending of \$2.1 billion (based on NS's construction program); indirect and induced spending of \$1.7 billion (estimated using the IMPLAN model); and 32,361 job-years of direct, indirect, and induced employment (estimated using the IMPLAN model).

Table 3. Economic Stimulus Benefits from Construction (No Discounting, Millions of 2009 \$)

Construction Benefits, 2010-2012	Full Corridor	Detail for Selected States				
		AL	MS	PA	TN	VA
Direct Expenditures	\$ 2,132.4	\$ 435.2	\$ 89.4	\$ 422.8	\$ 382.1	\$ 512.3
Indirect/Induced Spending	\$ 1,714.2	\$ 349.8	\$ 71.8	\$ 339.9	\$ 307.2	\$ 411.9
Construction Job-Years	32,361	6,605	1,356	6,417	5,799	7,775

Other Non-Monetized and Monetized Benefits

Finally, it is important to note that significant non-monetized and monetized benefits accrue to all 13 states in the Corridor region, as well as to states outside the region.

Table 4. Cumulative 30-Year Summary of Other Benefits (No Discounting, Millions of 2009 \$)

Benefits Accruing, 2011-2040	Full Corridor	Detail for Selected States				
		AL	MS	PA	TN	VA
Units Handled	48,311,489	21,160,446	18,602,784	25,240,475	20,959,694	32,118,234
VMT Reduced (millions)	47,988	4,725	2,414	2,810	7,627	9,853
Hours of Travel Saved	854,810,795	70,199,112	41,066,157	65,463,898	116,292,080	146,786,862
Gallons of Fuel Saved	6,178,486,454	608,409,810	310,806,478	361,849,408	981,983,854	1,268,591,002
Tons of CO2 Eliminated	68,581,200	6,753,349	3,449,952	4,016,528	10,900,021	14,081,360
Tons of NOX Eliminated	122,631	12,076	6,169	7,182	19,490	25,179
Tons of PM Eliminated	2,931	289	147	172	466	602
Accidents Avoided	47,702	4,697	2,400	2,794	7,582	9,794
Permanent Job-Years	536,870	42,450	15,965	120,890	64,145	47,709
Pavement Savings [1]	\$ 3,359	\$ 331	\$ 169	\$ 197	\$ 534	\$ 690
Congestion Savings [2]	\$ 21,045	\$ 1,728	\$ 1,011	\$ 1,612	\$ 2,863	\$ 3,614
Fuel Savings [3]	\$ 22,935	\$ 2,258	\$ 1,154	\$ 1,343	\$ 3,645	\$ 4,709
Accident Savings [4]	\$ 5,358	\$ 528	\$ 270	\$ 314	\$ 852	\$ 1,100
		DE	GA	LA	MD	NC
Units Handled		7,722,009	27,155,716	18,602,784	32,319,046	17,405,960
VMT Reduced (millions)		155	2,033	4,232	1,173	2,630
Hours of Travel Saved		5,551,529	35,885,232	76,923,972	38,188,352	56,567,651
Gallons of Fuel Saved		19,993,257	261,696,974	544,841,522	151,060,468	338,617,059
Tons of CO2 Eliminated		221,925	2,904,836	6,047,741	1,676,771	3,758,649
Tons of NOX Eliminated		397	5,194	10,814	2,998	6,721
Tons of PM Eliminated		9	124	258	72	161
Accidents Avoided		154	2,020	4,207	1,166	2,614
Permanent Job-Years		0	72,630	0	3,173	46,447
Pavement Savings		\$ 11	\$ 142	\$ 296	\$ 82	\$ 184
Congestion Savings		\$ 137	\$ 883	\$ 1,894	\$ 940	\$ 1,393
Fuel Savings		\$ 74	\$ 971	\$ 2,022	\$ 561	\$ 1,257
Accident Savings		\$ 17	\$ 227	\$ 473	\$ 131	\$ 294
		NJ	SC	WV	Rest of US	
Units Handled		6,136,712	12,830,581	23,487,774	31,257,533	
VMT Reduced (millions)		655	1,451	626	7,603	
Hours of Travel Saved		21,208,825	32,441,737	14,651,345	133,584,043	
Gallons of Fuel Saved		84,321,691	186,756,519	80,648,345	978,910,066	
Tons of CO2 Eliminated		935,971	2,072,997	895,197	10,865,902	
Tons of NOX Eliminated		1,674	3,707	1,601	19,429	
Tons of PM Eliminated		40	89	38	464	
Accidents Avoided		651	1,442	623	7,558	
Permanent Job-Years		25,434	9,723	2,908	85,395	
Pavement Savings		\$ 46	\$ 102	\$ 44	\$ 532	
Congestion Savings		\$ 522	\$ 799	\$ 361	\$ 3,289	
Fuel Savings		\$ 313	\$ 693	\$ 299	\$ 3,634	
Accident Savings		\$ 73	\$ 162	\$ 70	\$ 849	

¹ Equivalent to the State of Good Repair benefit but without discounting.

² Equivalent to the Livability benefit but without discounting.

³ Includes value of reduced fuel costs, monopsony effects, and price shock effects.

⁴ Equivalent to the Safety and Security benefit but without discounting.