

## **ITEM 14 - Action**

July 15, 2009

Briefing on Integrating Freight into the 2010 Update of the CLRP, and Approval of Response to a Request by CSX Transportation for TPB Support for its National Gateway Rail Freight Initiative

### **Staff**

- Recommendation:**
- Receive briefing on proposed activities to address freight movements in the 2010 update of the CLRP and to engage freight stakeholders in the region through the TPB Freight Subcommittee.
  
  - Approve the enclosed draft letter responding to the CSX request for TPB support for its National Gateway Rail Freight Initiative.

**Issues:** None

**Background:** The Freight Subcommittee of the TPB Technical Committee was established in April 2008.

# 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

**DRAFT**

July 15, 2009

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

Dear Mr. Renjel,

In response to your June 26, 2009 letter, 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. 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. The TPB is particularly interested in the potential of the National Gateway Initiative to help relieve bottlenecks and conflicts between rail freight traffic and the passenger rail services provided by Amtrak, MARC, and VRE.

The TPB notes that thirteen National Gateway projects fall within the Washington region. We anticipate that CSX will coordinate closely with TPB and our state and local governments to ensure local impacts are adequately addressed as these projects are developed, and we look forward to that coordination.

Sincerely,

Charles Jenkins  
Chairman  
National Capital Region  
Transportation Planning Board

# 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

## **CSX National Gateway Projects in Washington Region**

#	State	Project Name	Description	City, County
1	Maryland	Germantown Rd. North	Replace Bridge	Germantown, Montgomery
2	Maryland	Deer Park Drive	Replace Bridge	Washington Grove, Montgomery
3	Maryland	Balt. Washington Parkway Rt. 295	Lower Track	Hyattsville, Prince George's
4	Maryland	Kenilworth Ave.	Lower Track	Hyattsville, Prince George's
5	Maryland	Catoctin Tunnel		Catoctin, Frederick
6	Maryland	Point of Rocks Tunnel		Point of Rocks, Frederick
7	Virginia	Railroad Ave.	Replace Bridge	Woodbridge, Prince William
8	District of Columbia	Virginia Ave. Tunnel	Raise/Replace Tunnel Roof, Double Track Double Stack	District of Columbia
9	District of Columbia	New Jersey Ave.	Lower Track	District of Columbia
10	District of Columbia	10th St.	Lower Track	District of Columbia
11	District of Columbia	I-395 Ramp	Lower Track	District of Columbia
12	District of Columbia	12th St. SW	Lower Track	District of Columbia
13	District of Columbia	Potomac River Swing Bridge	Bridge Modification	District of Columbia

7/15/2009



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

500 Water Street  
15<sup>th</sup> 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 style with a prominent loop at the end of the last name.



# 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.

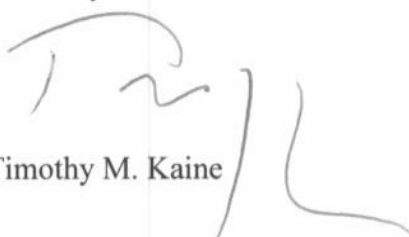
Virginia has a progressive and balanced rail program to secure public benefits in both passenger and freight rail improvements. The Commonwealth has committed more than \$149.6 million in state funds to these initiatives, and these prior commitments should be recognized in any matching requirements established 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

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

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 CO<sub>2</sub> 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