

Freight's Contribution to Virginia's Economy

Governor's Transportation Conference
"Opportunities in Motion"

Tysons Corner, VA
December 6, 2012



Freight's Contribution to Virginia

- Over 30% of Virginia's direct employment relies on the movement of freight
- 100% of Virginians use freight daily



Warren Hoemann



- American Trucking Associations
- Senior Vice President, Industry Affairs
- Oversees several business units and is the ATA liaison with key affiliate organizations



Bruno Maestri



- Norfolk Southern Corporation
- Vice President of Government Relations & Corporate Communications
- Responsible for federal legislative affairs, state relations, community affairs
- Serves as a liaison with the FRA, STB, NTSB, EPA



Lisa Saunders



- Owens & Minor
- Director of Logistics & Transportation
- Responsible for all domestic transportation including private fleet operations, dedicated fleets and for-hire carriers rates and contracts



Alan Meyers



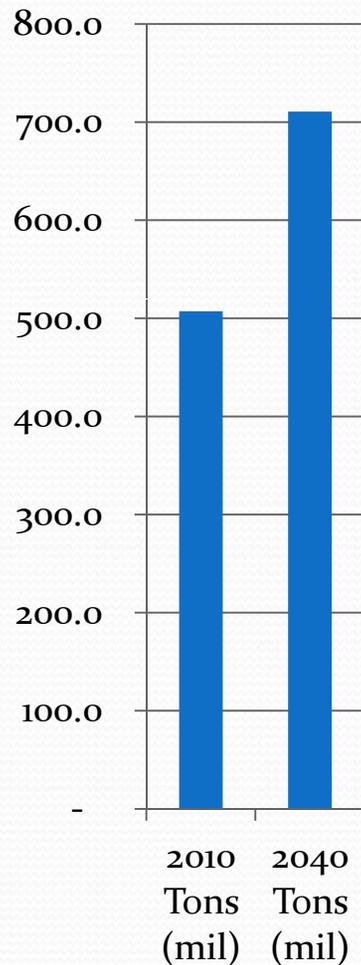
- Principal, Cambridge Systematics, Inc.
- Author of *Virginia's Statewide Multimodal Freight Study*
- 30 years of transportation & economic development planning



HOW BIG IS FREIGHT



500,000,000 Tons (that's millions)



Landside Flows Ex. Through	2010 Tons (mil)	2040 Tons (mil)	CAGR
Truck	359.3	526.8	1.3%
Rail Carload	118.5	126.2	0.2%
Water	0.4	0.2	-1.5%
Air	0.1	0.2	3.9%
Rail IMX/Multiple Modes	14.1	33.8	3.0%
Pipeline	9.2	10.2	0.3%
Other and unknown	5.7	13.4	2.9%
Total	507.2	710.7	1.1%
Domestic	444.3	565.9	0.8%
Imports	19.0	55.7	3.6%
Exports	43.9	89.1	2.4%
Total	507.2	710.7	1.1%



Trucking in Virginia

- 152,170 jobs – 1 out of every 18 in VA.
- Over \$6.8 billion in wages.
- 7,500 Virginia-based trucking companies.
- 617,478 tons delivered here daily – 86% of VA's total freight.
- 86% of VA communities served exclusively by truck.



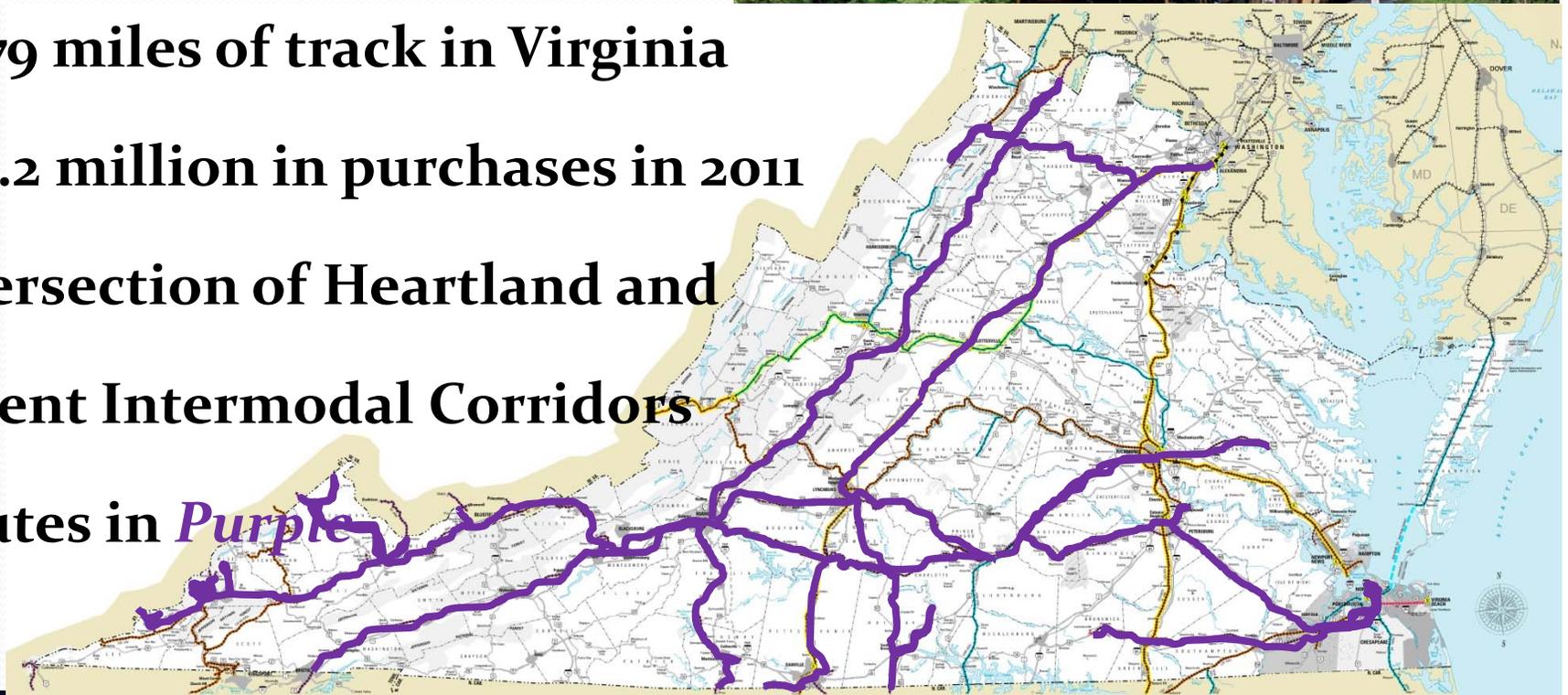
Port of Virginia

- 343,000 jobs, every 11th job in Virginia
 - \$13.5 B in Virginia employment compensation
 - \$41.1 B in total Virginia revenues
- The Port moves goods to retailers and suppliers throughout Virginia



Norfolk Southern Presence in VA

- Headquarters in Norfolk, VA
- 5,073 employees in Virginia
- 2,079 miles of track in Virginia
- \$311.2 million in purchases in 2011
- Intersection of Heartland and Crescent Intermodal Corridors
- Routes in *Purple*

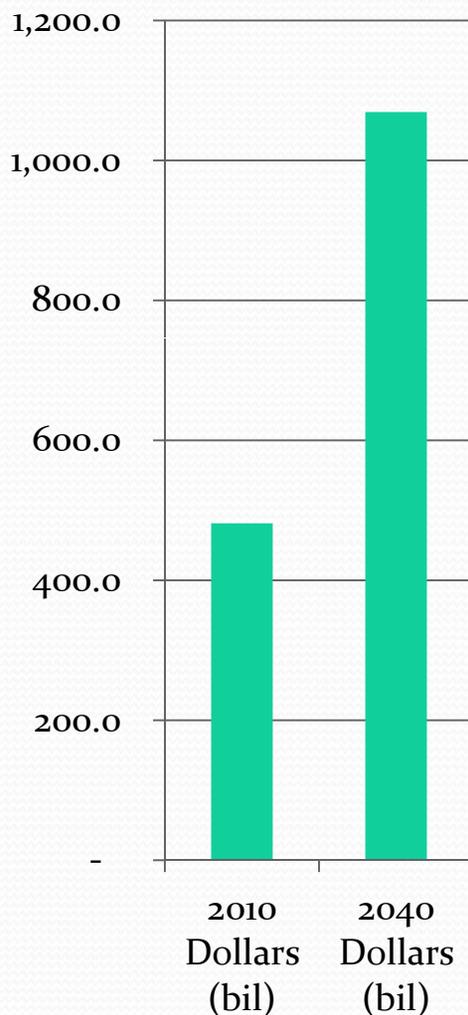


Airfreight

- Virginia Airports generate 259,000 jobs
- \$28.8 Billion in Economic Activity
- Derived in part from handling over 300,000 metric tons of airfreight



\$481,000,000,000 (that's Billions)



Landside Flows Ex. Through	2010 Dollars (bil)	2040 Dollars (bil)	CAGR
Truck	376.7	726.2	2.2%
Rail Carload	12.9	18.7	1.2%
Water	0.1	0.1	0.3%
Air	5.4	28.7	5.7%
Rail IMX/Multiple Modes	72.7	263.6	4.4%
Pipeline	3.3	3.7	0.3%
Other and unknown	10.2	28.3	3.5%
Total	481.4	1,069.3	2.7%
Domestic	391.3	781.1	2.3%
Imports	50.1	158.7	3.9%
Exports	40.0	129.5	4.0%
Total	481.4	1,069.3	2.7%



ACCESSING MARKETS & CUSTOMERS



Norfolk Southern Services



Business with Global Reach



J.CREW



IMS:GEAR



Rubbermaid



CSX Services





ROLE of TRANSPORTATION & FREIGHT TRENDS



Role of Transportation in Moving Freight

- Opening international air and water gateways
- Corridors of statewide significance
- Heavy commodities by rail agriculture, coal
- Making the last mile delivery, just in time inventories, to the shelf



Truck Taxes in Virginia

- Trucking pays \$691 million in federal and state highway taxes in Virginia.
- Typical VA truck pays \$4,806 in state road taxes and \$7,771 in federal highway user taxes.
- Highway tax programs ensure that non-VA trucks pay their share, too.
- Trucking companies pay all standard business taxes, over and above highway taxes.



Trends Impacting Freight Movement

- Costs, order fulfillment, customer demands
- Virginia Leadership, OIPI/VTRANS performance based planning
- MAP-21 requirements for freight plans and freight advisory committees
- New technologies



Truck Safety

- Over the past decade (from 2000 to 2009):
 - Number of truck-involved fatalities has fallen by 36%
 - Number of truck-involved injuries has fallen by 47%.
- Truck-involved fatal crash rate now at lowest point in USDOT-recorded history.
- Trucks have an overall crash rate less than half that of other vehicles.

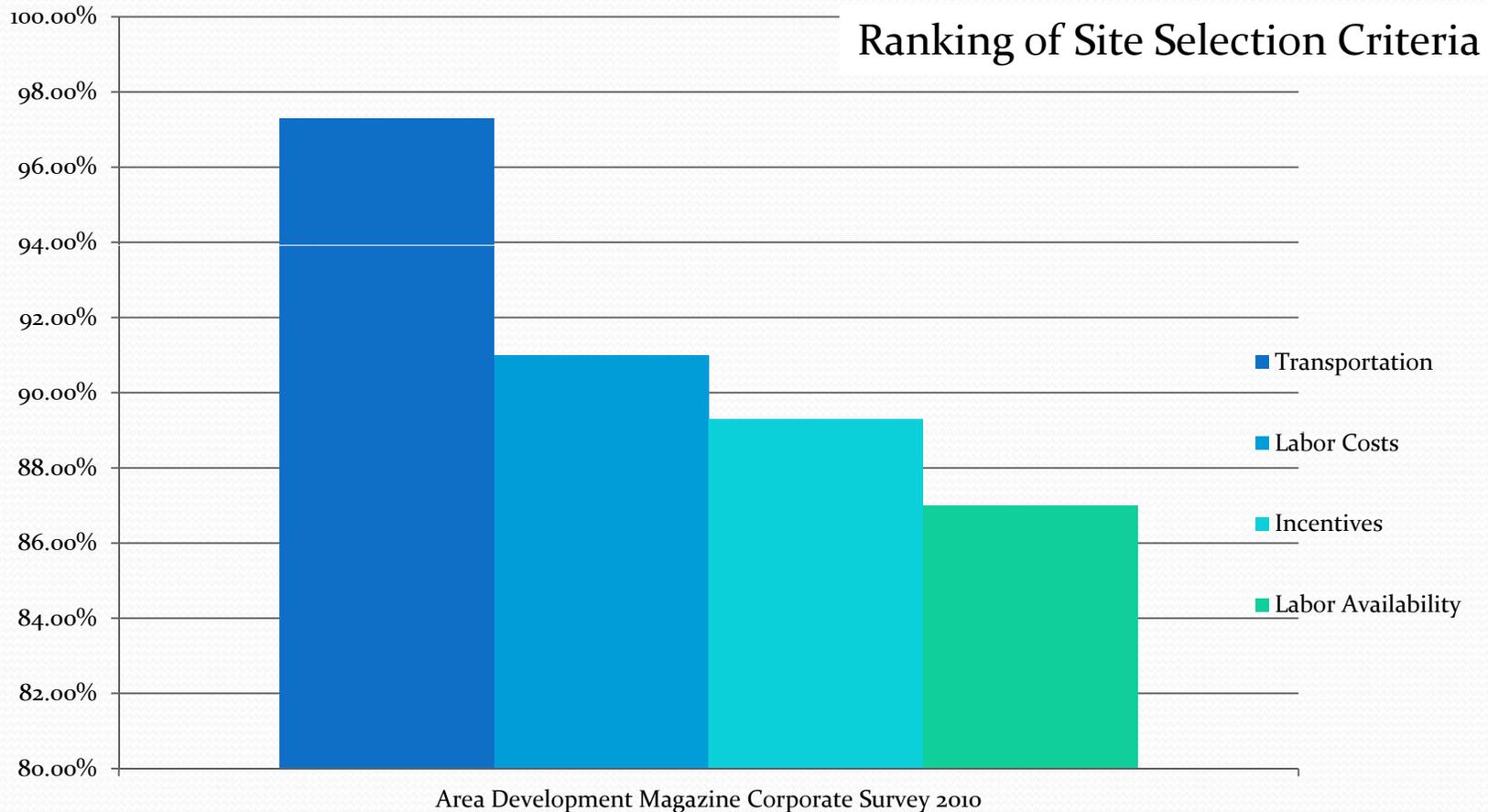


MAP-21

- Federal Guidance for Freight Planning
 - Freight Advisory Committees
 - Agency Representation – VDOT, OIPI, DRPT, VPA, DOAV
 - Private Sector – Shippers – Transportation Providers
 - State Freight Plans
 - Comprehensive
 - Priorities Based on Economic Growth Opportunity
 - Can Leverage a 95% Federal Match



Transportation is Economic Development





FREIGHT NEEDS & OPPORTUNITIES for VIRGINIA



Projected 2020 Interstate Highway

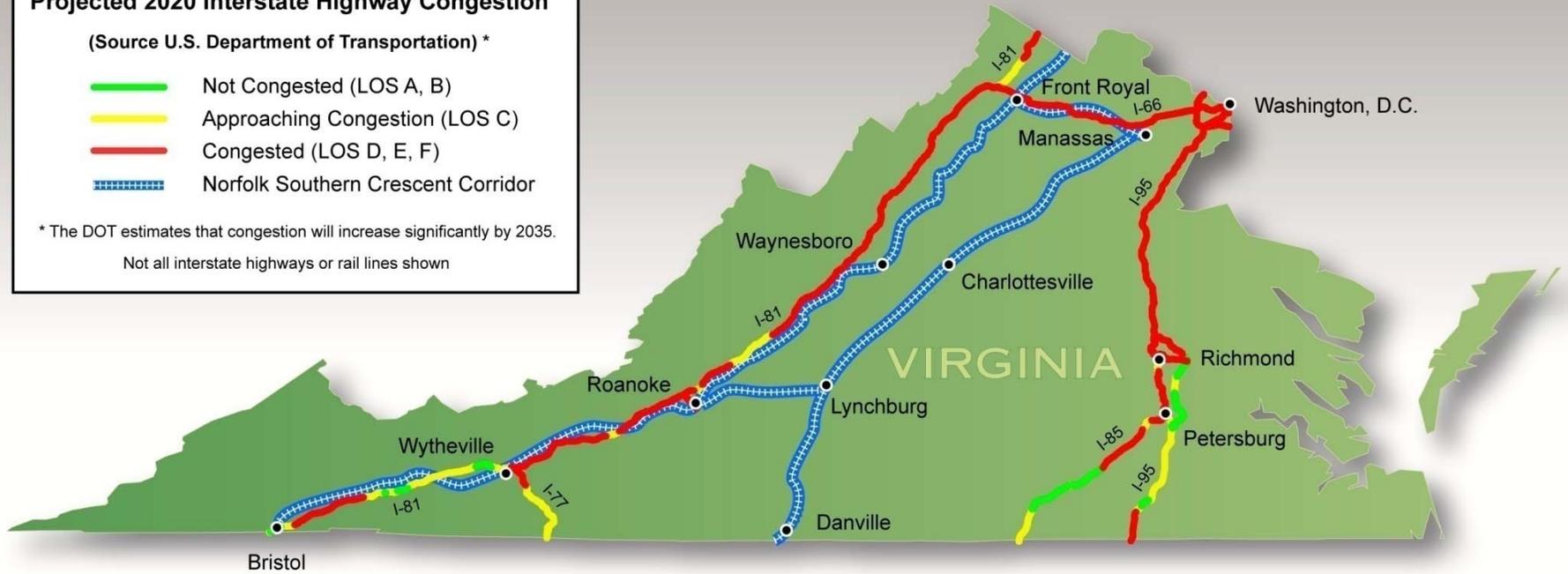
Clean, Green Relief for Congested Roads

Projected 2020 Interstate Highway Congestion

(Source U.S. Department of Transportation) *

- Not Congested (LOS A, B)
- Approaching Congestion (LOS C)
- Congested (LOS D, E, F)
- - - - Norfolk Southern Crescent Corridor

* The DOT estimates that congestion will increase significantly by 2035.
Not all interstate highways or rail lines shown



Benefits to Virginia:

878,000
34.7 Million
385,000
\$98.8 Million

Annual Truckloads Diverted to Rail
Gallons Fuel Saved per Year
Tons CO₂ Reduction per Year
Annual Congestion Savings



Sample Crescent Route Improvements Completed

A 2008-2010 Public-Private Partnership between Virginia & Norfolk Southern
I-81 Crescent Corridor
Norfolk Southern Manassas to Front Royal Corridor

Description: This project included several initiatives to improve capacity and operations, as well as minimize delays on the I-81 Rail Corridor

Project type: Design and construction

Project cost: \$61,250,000

State share: \$42,875,000 (70%)

Expenditures by FY: FY08 design, FY09-10 construction

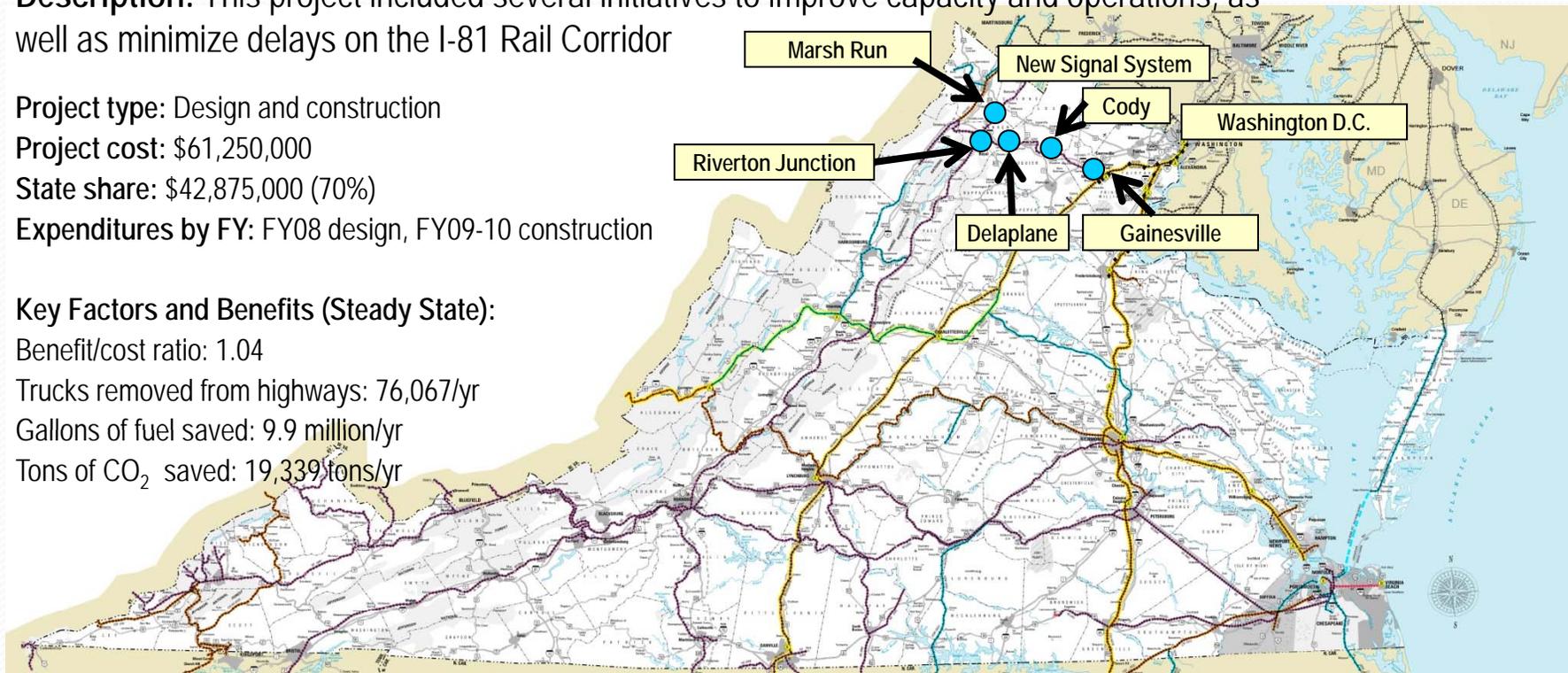
Key Factors and Benefits (Steady State):

Benefit/cost ratio: 1.04

Trucks removed from highways: 76,067/yr

Gallons of fuel saved: 9.9 million/yr

Tons of CO₂ saved: 19,339 tons/yr



Introducing the Crescent Corridor

Past, Present and Crescent



CRESCENT CORRIDOR AT A GLANCE

- Existing 2,500 mile intermodal rail network from NJ to LA parallel to interstates
- The nation's most direct intermodal route between the NE and South
- Possible after NS' acquisition of Conrail



Crescent Corridor Intermodal Facilities

2012 and Beyond



Open 2012

- Birmingham, AL; Memphis, TN; Greencastle, PA; and Harrisburg, PA

Open 2013

- Charlotte, NC

Open 2015

- Philadelphia, PA

Open 2017

- Atlanta, GA; E-Rail, NJ

Future Terminals (2020+)

- Knoxville, TN; Roanoke, VA

	Open 2012
	Open 2013
	Open 2015
	Open 2017
	Open 2020 and Beyond



Panama Canal Expansion - 2015

- Serving Larger Ships and More Cargo



The Heartland Corridor

Multi-State Partnership for Multi-State Benefit



(top): Inaugural double-stack train exiting

Cowan Tunnel near Radford, Virginia on 9/9/10.

(below): CEO Wick Moorman opens the Heartland Corridor



- The **nation's first multi-state intermodal rail corridor** public-private partnership between the FHWA's Eastern Federal Lands Highway Division, USDOT, Virginia, West Virginia, Ohio, and Norfolk Southern
 - *Three year engineering effort*
 - *Raise vertical clearances in 28 tunnels*
 - *Removed 24 overhead obstructions*
 - *Major construction began in Oct 2007*
 - *100% double stack cleared by Jan 19, 2012*
- New route **eliminates over 200 miles of travel and 24 hours of travel time** between the East Coast ports and Chicago for international trade





Marine Highways Cargo Diversion

Barge Between Hampton Roads & Richmond 104% Growth 2012



Trucking & the Environment

- Today's diesel truck engines:
 - 98% fewer particulate matter (PM) and nitrogen oxide (NOx) emissions than engines from 1990.
 - 97% reduction in sulfur emissions since 1999.
- Trucks use just 17% of total highway fuel consumed.



Thank You

Questions?

