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)

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

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<tr>
<td>Truck</td>
<td>376.7</td>
<td>726.2</td>
<td>2.2%</td>
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<tr>
<td>Rail Carload</td>
<td>12.9</td>
<td>18.7</td>
<td>1.2%</td>
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<tr>
<td>Water</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3%</td>
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<td>5.4</td>
<td>28.7</td>
<td>5.7%</td>
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<td>72.7</td>
<td>263.6</td>
<td>4.4%</td>
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<td>3.7</td>
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<td>391.3</td>
<td>781.1</td>
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<tr>
<td>Imports</td>
<td>50.1</td>
<td>158.7</td>
<td>3.9%</td>
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<tr>
<td>Exports</td>
<td>40.0</td>
<td>129.5</td>
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ACCESSING MARKETS & CUSTOMERS
Norfolk Southern Services

Existing SE Port Service Routes
Existing SE Ports Service Points
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

Ranking of Site Selection Criteria

Area Development Magazine Corporate Survey 2010
FREIGHT NEEDS & OPPORTUNITIES for VIRGINIA
Projected 2020 Interstate Highway

Clean, Green Relief for Congested Roads

Benefits to Virginia:

- 878,000 Annual Truckloads Diverted to Rail
- 34.7 Million Gallons Fuel Saved per Year
- 385,000 Tons CO₂ Reduction per Year
- $98.8 Million Annual Congestion Savings

(Source U.S. Department of Transportation) *

* The DOT estimates that congestion will increase significantly by 2035.

Not all interstate highways or rail lines shown
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 2020 and Beyond
Panama Canal Expansion - 2015

- Serving Larger Ships and More Cargo
The Heartland Corridor
Multi-State Partnership for Multi-State Benefit

- 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?