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**Subject:** Crescent Corridor Update – Pennsylvania

March 3, 2010

Testimony before the Pennsylvania House of Representatives Transportation Committee, Point Park University, Pittsburgh, Pennsylvania

### **Crescent Corridor Update – Pennsylvania**

Mr. Chairman and member of the Committee, thank you for this invitation to speak to you today.

As you may be aware, Norfolk Southern's Crescent Corridor Intermodal Freight Program of Projects on Wednesday, February 17<sup>th</sup> was awarded \$105 million from the U.S. Department of Transportation under the American Recovery and Reinvestment Act of 2009, Transportation Investment Generating Economic Recovery (TIGER) Program. From that grant, \$52.5 million will go towards construction of the new Birmingham Regional Intermodal Facility, while the remaining \$52.5 million will go towards construction of the new Memphis Regional Intermodal Facility.

In September 2009, lead state Pennsylvania, joined by Alabama, Mississippi, Tennessee, and Virginia, submitted an application to USDOT for a \$300 million TIGER grant to help improve Norfolk Southern's rail lines and facilities between the Mid-South and the Northeast. Although the award represents a shortfall from the original TIGER request, it will nevertheless enable NS and its partners to begin construction of several previously announced Crescent Corridor projects, while delaying other elements for later public-private partnerships. Most notably, U.S. DOT's award of \$105 million towards Crescent, the largest grant awarded among more than 1,400 applications and more than \$56 billion in requests, is further proof of the Crescent Corridor's nationally significant merits.

Ultimately, for the Crescent Corridor to reach its full public benefits potential, improvements will need to occur throughout the entire 2,500-mile intermodal network. In that light, it is not simply enough to have intermodal facility capacity on one end of the network, without similar capacity on the other end. Construction of the Birmingham and Memphis intermodal facilities is an important first step, but far from the only one. As Norfolk Southern and its partners have long said, the Crescent Corridor is a program of projects that will need to be completed through a series of public-private partnerships.

Despite the disappointment that Pennsylvania did not receive any federal grant money for Crescent projects within the Commonwealth, both NS and Governor Rendell remain as committed as ever to the cause. Both are determined to pursue every available funding avenue to accelerate the significant economic, environmental and transportation benefits these rail capacity and line of road improvements will deliver to the Commonwealth.

In the immediate future, one such federal funding opportunity is the National Infrastructure Investments Program created in the Fiscal Year 2010 Consolidated Appropriations Act – also referred to as TIGER II. The program's \$600 million, like its predecessor, the TIGER grant program, is discretionary and to be awarded on a competitive basis for projects that will have a significant impact on the nation, a metropolitan area, or a region. Funding eligibility includes but is not limited to highway and bridge projects, public transportation projects, passenger and **freight rail transportation projects**, and port infrastructure investments. Grants funded under this program cannot receive less than \$10 million and not greater than \$200 million; not more than 25% of funds can be awarded to projects in a single state; and the federal share of project costs cannot exceed 80%. We expect U.S. DOT to publish grant application guidelines for this program in the near future. Grant awards cannot be announced until after September 15, 2010 and the deadline for application submissions must be at least 120 days.

Another federal funding opportunity a little further down the horizon is the next surface transportation reauthorization bill. The current highway bill, SAFETEA-LU, was set to expire at the end of fiscal year 2009 on September 30, 2009. Congress, however, has extended the current law on several occasions, unwilling to pass a new law. Whenever a new authorization bill is passed, the popular Projects of National and Regional Significance Program (Section 1301 of Public Law 109-59) is expected to continue. If you recall, Norfolk Southern's Heartland Corridor Double-Stack Project, the nation's first multi-state intermodal rail public-private partnership, was awarded \$90 million through this program.

For now, NS will continue to proceed through the environmental permitting process for both the Franklin County and Harrisburg intermodal facilities, as though they received federal funding. It is the hope that through the federal competitive grant process as well as the federal appropriations process that NS and Pennsylvania will receive the funding necessary to proceed towards construction of these and other projects.





**Name:** Crescent Corridor Intermodal Freight Rail Project

**Location:** Memphis, TN & Birmingham, AL

**Sponsor:** States of Alabama & Tennessee

**Total Cost:** \$224,000,000

**TIGER Funding:** \$105,000,000

### Project Description:

The Crescent Corridor is a major intermodal freight program centered on the continued development of Norfolk Southern's rail intermodal route from the Gulf Coast to the Mid-Atlantic. The TIGER grant supports construction of two new intermodal facilities in Memphis, TN and Birmingham, AL - both critical components of the full corridor plan. Construction of these new facilities includes pad and support tracks, trailer and container parking areas, lead tracks, and related ancillary buildings and features.

### Highlights:

- ❑ Provides significant new freight capacity from the Southeast through the Mid-Atlantic region, an area currently underserved by intermodal rail
- ❑ Reduces greenhouse gas emissions and helps reduce highway maintenance costs on major interstate routes
- ❑ Combines multiple modes (water, rail and highway) to gain the capacities, efficiencies and environmental benefits of each
- ❑ Brings new capacity and opportunity to economically distressed Memphis and Birmingham

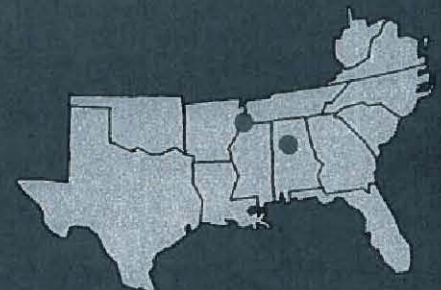
### Project Benefits:

Once fully-developed, the Crescent Corridor will improve domestic rail intermodal service between the Northeast and Southeast for the terminal host cities of Memphis, Birmingham, Atlanta, Charlotte, Knoxville, Roanoke, Greencastle, Harrisburg, Bethlehem, Philadelphia and Northern New Jersey. Connecting this 2,500-mile network of existing rail lines with regional intermodal freight distribution centers will strengthen domestic and international freight distribution in the Southeast, Gulf Coast and Mid-Atlantic markets.

 TIGER Discretionary Grant Program



**TIGER**



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