

**Norfolk Southern Railway Company
Crescent Corridor Proposed Intermodal Facilities and
Related Regional Industrial Development**

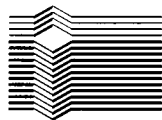
**Economic and Employment Impact Analysis
2009 through 2020**

Executive Summary

July 28, 2009

Prepared for:
Norfolk Southern Railway Company
3 Commercial Place
Norfolk, VA 23510-9208

Prepared by:
Insight Research Corporation
9441 LBJ Freeway, Lock Box 20
Dallas, TX 75243
(972) 238-8838



**INSIGHT RESEARCH
CORPORATION**

**Norfolk Southern Railway Company
Crescent Corridor Proposed Intermodal Facilities and
Related Regional Industrial Development**

**Economic and Employment Impact Analysis
2009 through 2020**

Executive Summary

Purpose and Scope: The goal of Norfolk Southern Railway Company's (NSRC) "Crescent Corridor Initiative" is to move more freight between the Northeast and the Mid-South by intermodal rail/highway services, taking advantage of the safety, environmental, highway congestion mitigation, and financial benefits of intermodal versus all-highway freight transportation.

Insight Research Corporation has completed economic, employment and tax revenue impact analyses for six new or expanded NSRC intermodal facilities. As part of its 2,500 route-mile Crescent Corridor initiative, these proposed logistics improvements are to be made at locations in the states of Alabama, Pennsylvania and Tennessee.

Also examined are economic and employment benefits of the related industrial activity in the 50-mile radius service areas where the proposed facilities are expected to provide increased logistics support, affecting the states of Delaware, Maryland, New Jersey, Virginia and West Virginia as well. This analysis uses U.S. Bureau of Economic Analysis Regional Input-Output Modeling System Series II (US BEA RIMS II) methodologies. Benefits are conservatively cited in constant 2009 dollars.

DESCRIPTION OF NSRC PROPOSED CRESCENT CORRIDOR INTERMODALS

To serve the needs of increasing service demand, NSRC plans to locate or improve rail intermodal facilities in Birmingham, Alabama; Fayette County, Tennessee; and four facilities in Pennsylvania, including Greencastle, Philadelphia, Bethlehem* and Harrisburg. These six facilities are expected to require capital investments for land and construction of \$420.1 Million, with an additional \$28.1 Million to be invested in on-site lift equipment, vehicles and other facility fixtures and rolling stock. At full development, these improvements are expected to handle 815,000 annual lifts and provide direct employment for 1,484 persons.

NSRC Facility Investments (in Millions)

Intermodal Site	NSRC Investment
Birmingham, AL	\$127.75
BethIntermodal, PA	\$5.05
Fayette Co., TN	\$135.00
Greencastle, PA	\$104.59
Harrisburg, PA	\$59.85
<u>Philly Navy Yard, PA</u>	<u>\$15.95</u>
TOTAL	\$448.19

The “Crescent Corridor”



**Independently owned and operated by BethIntermodal as part of NSRC system.*

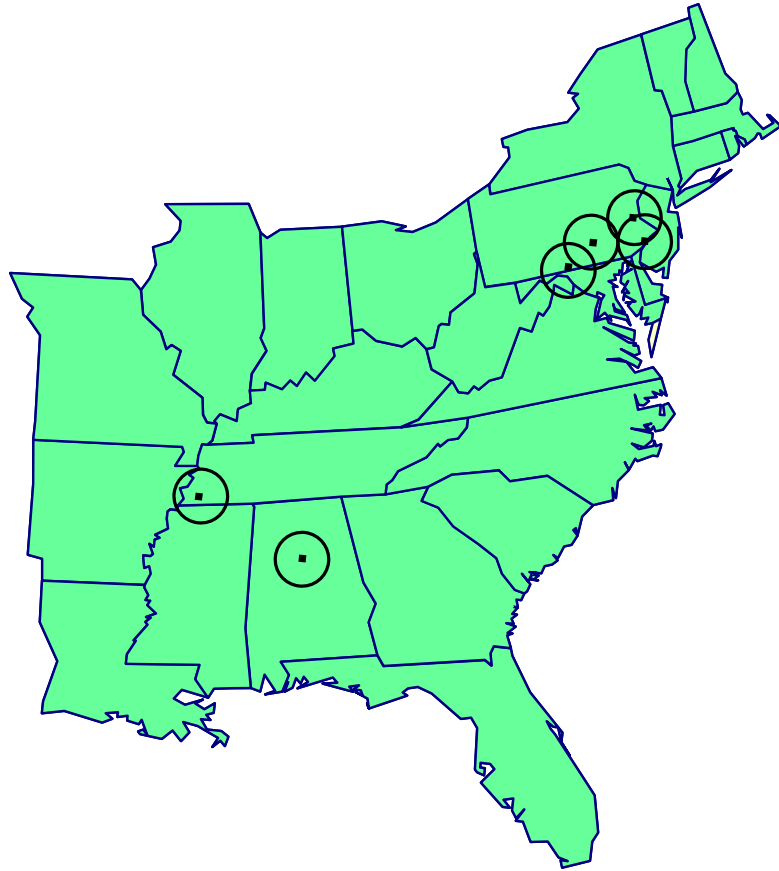
INDUSTRIAL DEVELOPMENT AFFECTED BY NSRC'S PROPOSED INTERMODAL IMPROVEMENTS

Using NSRC's customer base, industrial development trends and freight traffic forecasts, Insight estimated that portion of the future industrial building construction which could be either **"At Risk"** of impaired expansion or competitive positioning should these improvements not be made. Also estimated was the portion of the future industrial development that could likely be somewhat **"Benefited"** by the availability of the proposed intermodal rail capacity in each intermodal's primary service area.

New and expanded industrial development potential which is expected to be affected between the years of 2009 through 2020 totals approximately 50 million square feet in the specified states proximate to the proposed intermodal service improvements.

The map on the following page shows the location of the six sites, and is accompanied by a list of counties in each state that are partly or entirely within a 50-mile radius of the sites.

Crescent Corridor Intermodal Sites Included in the Analysis



Included counties benefitting from this improved intermodal service are as follows:

Alabama	Delaware	Mississippi	New Jersey	Pennsylvania	Pennsylvania	Tennessee
Bibb	Kent	Benton	Atlantic	Adams	Lehigh	Fayette
Blount		DeSoto	Burlington	Bedford	Luzerne	Shelby
Chilton	Maryland	Lafayette	Cape May	Berks	Mifflin	Tipton
Jefferson	Allegany	Marshall	Cumberland	Bucks	Monroe	Hardeman
Shelby	Baltimore	Panola	Essex	Carbon	Montgomery	Haywood
St. Clair	Carroll	Tate	Gloucester	Chester	Northampton	Lauderdale
Walker	Harford	Tippah	Monmouth	Cumberland	Northumberland	
	Montgomery	Tunica	Ocean	Dauphin	Perry	Virginia
	Washington		Salem	Delaware	Perry	Clarke
Arkansas				Franklin	Philadelphia	Frederick
Crittenden				Fulton	Pike	Loudoun
Mississippi				Huntingdon	Schuylkill	
				Juniata	Snyder	West Virginia
				Lackawanna	Union	Berkeley
				Lancaster	Wayne	Jefferson
				Lebanon	York	Morgan

KEY FINDINGS – NSRC CRESCENT CORRIDOR INTERMODAL ACTIVITY

ANNUAL ECONOMIC IMPACT AT 2020: \$2.128 Billion

Economic impact is the benefit to the general economy of the entire Crescent Corridor intermodal service area, shown as a multiplier [specific to each region](#) and generally referred to as the "economic ripple effect" of new money in the economy. All results are cited in 2009 constant dollars, as follows:

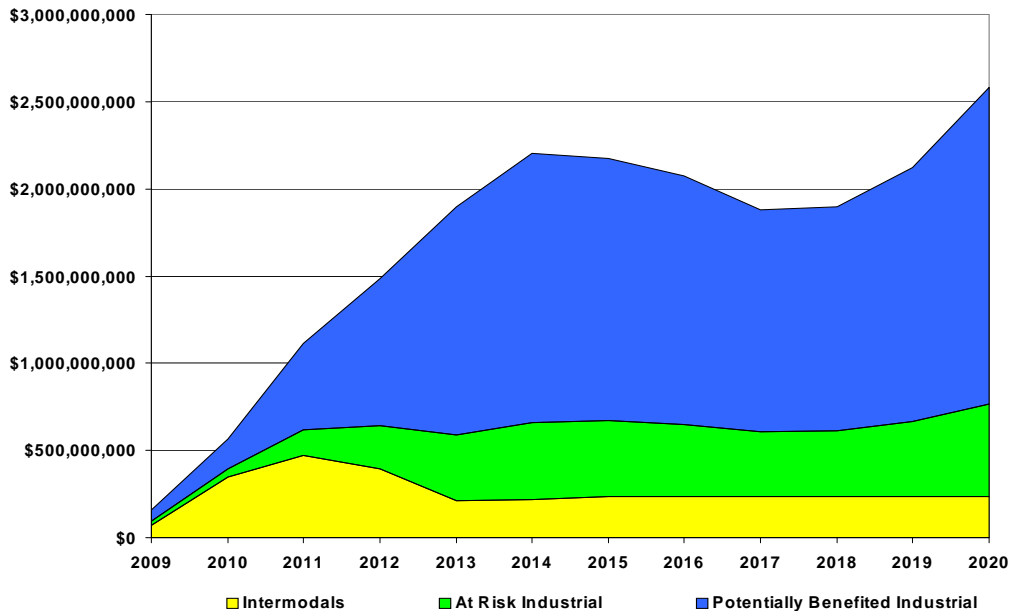
Annual Economic Impact at 2020

NSRC Intermodals Only	\$0.234 Billion
At Risk Industrial Expansions	\$0.533 Billion
Potentially Benefited Industrial Expansions	<u>\$1.361 Billion</u>
Total	\$2.128 Billion

Cumulative Economic Impact 2009 – 2020

Intermodal Facilities Only	\$3.121 Billion
At Risk Industrial Expansions	\$3.849 Billion
Potentially Benefited Industrial Expansions	<u>\$9.747 Billion</u>
Total	\$16.717 Billion

***Proposed NSRC Intermodal Facilities and Service Area Industrial Activities
Cumulative Economic Impact 2009 - 2020***



ANNUAL EMPLOYMENT IMPACT AT 2020:

47,020 Direct and Indirect Jobs by 2020

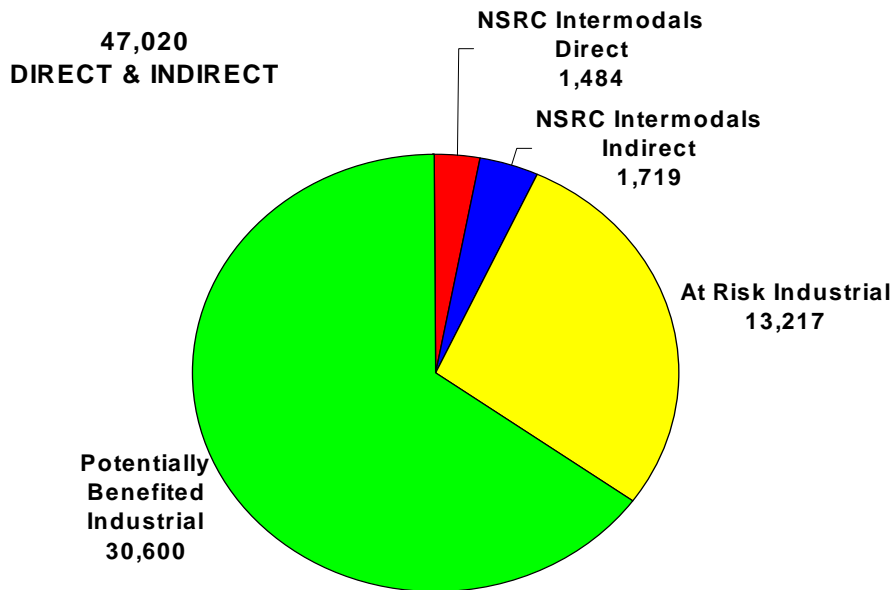
Employment Impact includes direct and indirect employment for both construction and operating phases of the intermodal facilities and related industrial expansions. NSRC's direct employment includes persons on the payroll of the facilities, drayage drivers, on-site contractors and others whose labor is committed to the intermodal facility's operations, while indirect employment is generated by the purchases of goods and services by these facilities and their employees.

Annual Employment Impact of NSRC Crescent Corridor Intermodals and Related Industrial Expansions at 2020

Total Employment

	<i>Direct*</i>	<i>Indirect</i>	<i>Total</i>
NSRC Intermodals	1,484	1,719	3,203
<u>Industrial Expansions</u>	<u>18,365</u>	<u>25,452</u>	<u>43,817</u>
Total	19,849	27,171	47,020

Crescent Corridor Employment at 2020



**Direct employment includes construction employment.*

Likewise, the same definitions apply to the employment associated with the “At Risk” and “Benefited” industrial expansions. Direct industrial employment refers to the on-site workforce, while indirect employment is generated by the purchases of goods and services of these industrial facilities and their employees.

Employment by State

	<i>Direct*</i>	<i>Indirect</i>	<i>Total</i>
Arkansas	212	214	426
Alabama	3,509	5,099	8,608
Pennsylvania	9,714	15,377	25,091
Tennessee	1,332	1,346	2,678
Mississippi	411	415	826
Maryland	895	904	1,799
Delaware	1,557	1,573	3,130
<u>New Jersey</u>	<u>2,219</u>	<u>2,243</u>	<u>4,462</u>
Total	19,849	27,171	47,020

**Direct employment includes construction employment.*

Annual Direct Payroll at 2020

Intermodal Facilities Only	\$0.075 Billion
At Risk Industrial Expansions	\$0.397 Billion
Potentially Benefited Industrial Expansions	<u>\$0.918 Billion</u>
Total	\$1.390 Billion