

TIGER FUNDING APPLICATION CRITERIA

State of Good Repair: The Crescent Corridor projects will extend the life-cycle of public highways by diverting 573,000 loaded long-distance trucks annually off of Tennessee highways at full build, including both those trucks originating or destined for the Memphis region and only those trucks passing through Tennessee. Removing these long-distance trucks from the highways will save Tennessee a projected \$14.6 million per year in highway maintenance costs, based on an estimated \$0.07 per truck Vehicle Mile Traveled. In addition, all maintenance and operations expenses for the rail route trackage and the MRIMF will be borne solely by NS (see Table F-4).

Economic Competitiveness: The Crescent Corridor projects will leverage the inherent strengths and efficiencies of existing rail lines and highways to increase the economic competitiveness of the Memphis region significantly. Transportation costs will be reduced, increasing market accessibility throughout the eastern US for shippers, and substantially improving the consistency and reliability of freight shipments. The Insight Research analysis for the initial phase MRIMF estimates \$2.71 billion in economic impact and 6,186 related jobs by 2020. The executive summary of the Insight Research analysis is included as Appendix F-1.

The MRIMF, projected to cost \$112 million, will be located entirely within Fayette County, TN, an EDA.

The Insight Research analysis looked at an area approximately 50 miles in radius from the facility, which includes a number of counties in TN and MS encompassing US DOT designated economically depressed areas (EDA's). A detailed EDA county map is included is included as Diagram D - 3.

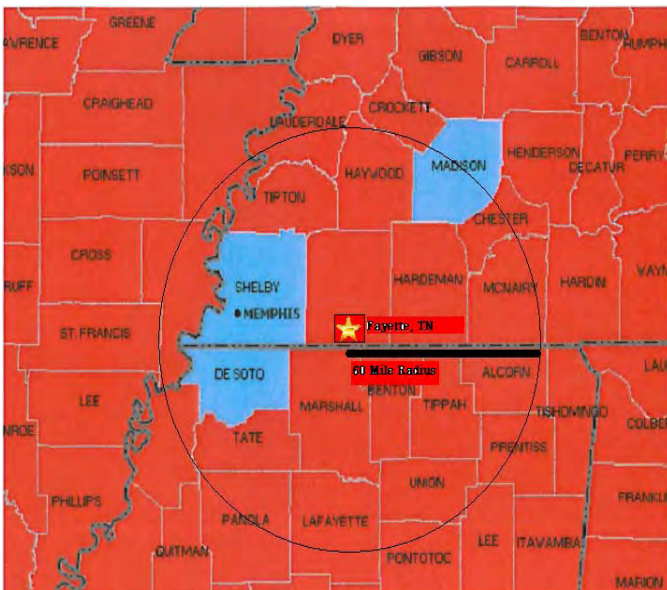


DIAGRAM D-3: ECONOMICALLY DEPRESSED AREAS MAP (TN)

Livability: The Crescent Corridor projects will substantially enhance the flow of goods between the Memphis region and the Northeast US and reduce traffic congestion, air pollution, fuel consumption, and highway wear and tear, thereby improving the quality of life for local residents. The MRIMF will create new employment opportunities throughout at least 17 EDA's through a coordinated effort to attract integrated logistics and warehousing distribution facilities. The 570 acre MRIMF site is zoned "industrial", and will complement an adjacent planned 1500 acre commercial/residential development, an example of sound and innovative land use planning.

Sustainability: The Crescent Corridor projects will result in an increased modal shift of freight transportation from long distance trucking to rail. According to Cambridge Systematics analysis, at full build, the Crescent Corridor will provide Tennessee with the following estimated annual benefits:

- 209 million vehicle-miles traveled diverted;
- \$78 million in congestion savings;
- 26 million gallons of diesel fuel saved;
- \$14 million in pavement wear and tear avoided;
- 298,000 tons of carbon dioxide emissions reduced.

In addition, consistent with NS's theme of moving more goods with less energy, the MRIMF will include state-of-the-art EPA Tier 4 low emissions gantry crane lift machines and hostler tractors. Tier 4 emissions standards will reduce particulate matter (PM) emissions by 90% and NOX emissions by 45% compared to Tier 3 emissions standards.

Safety: At full build, the Crescent Corridor will contribute to the safety of the motoring public by removing a projected 573,000 loaded long-distance trucks annually from Tennessee highways. At full build, this will result in 207 fewer vehicular accidents annually in Tennessee, and accident avoidance savings of \$23 million, based on US DOT's HERS Model (Highway Economic Requirements System).

Job Creation & Economic Stimulus: The Crescent Corridor projects are already creating jobs through the employment of consulting engineers working on its detailed design and permitting. Overall, the Insight Research analysis predicts the construction of the initial phase MRIMF will create 1160 direct construction related work-year job equivalents. In addition, the rail route enhancements are projected to create an additional 620 direct construction related work-year job equivalents based on 1 full time job equivalent per \$100,000 invested (a project specific break down of these numbers is included in the Rail Enhancements portion of this states Appendix). These benefits are in addition to the permanent jobs identified in the Economic Competitiveness section.

Innovation: The Crescent Corridor projects are designed to provide an alternative to the highway for domestic motor freight carriers between the Northeast and the South. It is a service package specifically targeted at congested Interstate highways, and it features a number of innovations: first, the Crescent Corridor will be a 2500-mile network of new intermodal trains scheduled to be compatible with the requirements of long-distance trucking companies. To meet schedules reliably, additional main line tracks need to be constructed and train speeds need to be raised in Tennessee and elsewhere along the corridor. Second, modern new intermodal terminals will be built near Birmingham, Memphis, and Greencastle, Pennsylvania, convenient to major interstate highways and major markets. These terminals, including the MRIMF, are each expected to attract businesses that rely on convenient, frequent transportation, such as manufacturing and distribution companies. The third innovation is the scale of the project's public benefits. While intermodal service has existed for decades, the Crescent Corridor is the largest network of its kind to be launched from scratch, with correspondingly high benefits measured in the annual number of long-distance trucks attracted from the highway, the

gallons of fuel saved, the tons of carbon dioxide not released into the atmosphere, and savings in safety, productivity, and pavement wear and tear

The Crescent Corridor projects will employ advanced technology to produce the greatest efficiencies at the terminal level. The MRIMF will include a proprietary Automatic Gate System (AGS) to process truck shipments in and out of the facility. The AGS will result in greatly reduced truck queuing and associated emissions caused by idling trucks, and will also provide a competitive advantage for shippers as the local drayage drivers become more productive and freight is delivered on time more often. This innovation is critical for high-value just-in-time logistics.

Partnership: The Crescent Corridor projects will be built as part of a private-public partnership between the states of Pennsylvania, Virginia, Tennessee, Alabama, and Mississippi, the U.S. DOT, the FHWA, and NS. The estimated \$112 million initial phase development cost of the MRIMF will be split 28% NS and 72% Federal TIGER funding, while NS will bear 100% of the estimated \$62 million in associated rail route enhancements. NS will bear 100% of the Crescent Corridor maintenance and operating costs. A private developer will pay for the two mile MRIMF access road as part of their adjacent development.

Tennessee Funding Summary		
<i>Norfolk Southern</i>	\$93 million	53%
<i>TIGER Fund</i>	\$81 million	47%
GRAND TOTAL	\$174 million	