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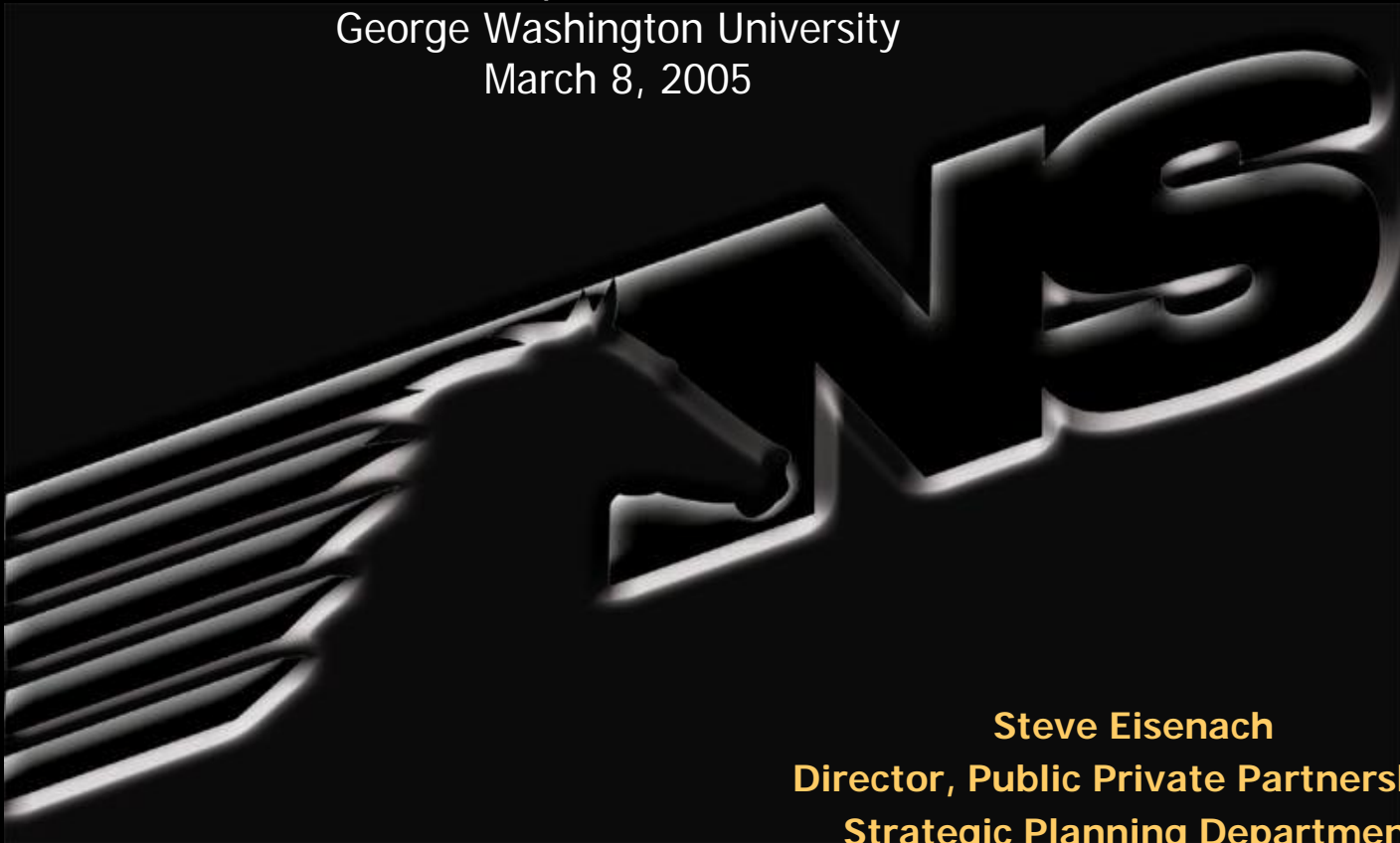
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# *Public Private Partnerships from an NS Perspective: Principles, Experiences and Challenges*

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George Washington University  
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**Steve Eisenach**  
**Director, Public Private Partnerships**  
**Strategic Planning Department**  
**Norfolk, VA**

# Agenda

- The traffic growth challenge
- NS' Public Private Partnership principles
- PPP opportunities
- Current PPP Projects—freight and passenger
- Issues and challenges
- NS' strategy going forward
- Q&A

*Norfolk Southern is responding  
to public interest in its participation  
in addressing passenger/commuter and  
highway congestion alternatives*

# Rail Freight Alternatives to Roadway Congestion

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## The Challenge:

*"I certainly hope increased rail capacity and operations is a viable strategy for the Northeast and Mid-Atlantic because as a region, we are out of options for building new runways and adding new lanes, bridges and tunnels."*      Joe Boardman - Commissioner, NY DOT

*"You can just about walk from Pennsylvania to North Jersey on the top of the trucks that are on New Jersey Highways."*      Jack Letteire - Commissioner, NJ DOT

*"Trouble lies ahead. The Transportation System is under stress, and conditions will worsen, unless NY State drastically changes the planning, investing, managing, and institutional relationships that drive the system."*      NYSDOT Advisory Panel Report, Nov. 2004

# The Challenge

- Roadway congestion costs the U.S. \$67B annually
- By 2020:
  - domestic freight tonnage is expected to increase 60% in the mid-Atlantic region
  - highway travel is expected to increase from 300 to 470 trillion vehicle miles of travel, about 53%
- Similar growth is expected regionally:
  - West—76%
  - South—71%
  - Central—63%
- In absolute tonnages, the NE and Central regions will experience the largest volume growth

*Where will this growth go?*

# Options Are Limited

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- New highways are essentially a “non-starter”
- An all-highway solution is expensive, environmentally damaging and slow to accomplish
- States have few options
- Yet a bias exists within DOT's that rail cannot provide meaningful relief

*Rail intermodal can provide highway congestion relief in partnership with motor carriers*

# Public Policy Projects: Putting Them in Context

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- Most often not a high priority for NS
- Would likely not progress if privately funded
- Long lead time
- High risk that public funding will never materialize
- Often involves cross-jurisdictional boundaries (adds complexity—more on this later. . .)
- Both freight and passenger capacity, speed, and access must be addressed



*What's the right product to attain the fastest truck diversion from highway to rail with the least amount of public and private investment?*

# NS' Public Private Partnerships Principles

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- No safety degradation
- Voluntary on both sides
- Public sector pays for public or societal benefits
- Norfolk Southern pays for railroad benefits
- Benefits, costs and risks are shared proportionately

# NS' Public Private Partnerships Principles

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- NS commits to performance standards in return for public participation
- Planning must be coordinated among all stakeholders to ensure prudent investments
- Planning must be executed in a manner consistent with rail regulatory requirements, ownership rights, and market conditions
- Produce a more balanced transportation policy

*Creativity, flexibility, and expectation management are vital*

# Partnership Opportunities

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- New and expanded intermodal terminals
- Capacity improvements to handle more intermodal and passenger trains
- Clearance improvements
- Corridor-wide improvement projects
- Port access enhancements
- Passenger and commuter rail projects in conjunction with freight capacity enhancement

# A Sample of Current NS Public-Private Freight Initiatives

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- CREATE – Chicago (\$1.58B)
- Heartland Corridor (\$266M)
- I-81 (\$890M—VA only; \$7B corridor)
- Mid-Atlantic Rail Operating Plan (MAROPS)
- Baltimore tunnel study
- South Central Virginia Rail Intermodal Facility
- Charlotte Intermodal Relocation to Airport
- Columbus Rickenbacher Airport I/M Facility

# Passenger and Commuter Train Overview

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- Often interfere with high quality, efficient freight service
- NS will work with passenger entities if they bring dollars and capacity for future growth ("Yes, but. . .")
- Present and prospective freight service must not be restricted in any way ("transparency")
- NS will consider design, build and operate scenarios
- Our customers have a big stake in the outcome
- Coordinated by Bill Schafer in Philadelphia

# Passenger and Commuter Train Principles

- **NS must be fairly compensated**
  - for the use of our property
  - for any services we may provide
- **NS must have full liability protection**
- **No NS subsidy of passenger operations**
- **Potential projects include:**
  - Atlanta-Macon commuter
  - Charlotte light rail
  - TransDominion Express (Bristol to Richmond)
  - Virginia Railway Express expansion to Haymarket
  - COTA light rail (Columbus, OH)
  - Keystone Corridor intercity passenger enhancements

# Jurisdictional Issues and Challenges

- Freight traffic crosses state boundaries
  - Acting alone produces benefits outside the state
  - Acting alone may create traffic flow problems at the borders
  - Economic and industrial development competition among states makes it difficult to build cooperation and trust
- Projects involving multiple states are more often than not interdependent (a role for the feds?)
- How do you meld these issues into a sustainable plan, yet provide stakeholder flexibility (policy and funding)?
- A critical issue for MAROPS and I-81

*There are no experts and few examples from which to learn*



# Benefits, Costs and Risk Sharing

- Two components:
  - Public-Public (multiple jurisdictions)
  - Public-Private
- How can we measure benefits and costs in a fair way and equitably share the risk?
- Much experience and research on measuring public benefits
  - NCHRP 8-36: *Return on Investment on Freight Rail Capacity Improvements*
  - NCHRP 8-42: *Rail Freight Solutions to Roadway Congestion*
- Private sector involvement requires an element of trust, solid relationship building and performance guarantees

# NS' Public Funding Experience

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- Results are mixed
- No burdensome deals negotiated
- Public dollars are hard to come by
- Long project incubation
- No guarantee of success

# Our Public Funding Strategy

- Continue to rely on private funding for all key traffic growth projects
- Availability of public funds may speed up rate of improvements
- Focus on small projects not crossing jurisdictional boundaries (higher probability of completion within a reasonable planning timetable)
- Continue to support corridor initiatives knowing that complexity means long incubation periods and no completion guarantee

*NS will pursue such opportunities when they make business sense and serve the public's interest*

**Thanks for Your Attention  
Questions?**

**Future Questions Contact  
Steve Eisenach at:  
757.629.2678 or  
[steve.eisenach@nscorp.com](mailto:steve.eisenach@nscorp.com)**

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