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The Heartland Corridor: Crossing Mountains, Crossing Sectors

Executive Summary

This paper will discuss how the Heartland Corridor, co-funded by federal government, state governments, and railroad corporation Norfolk Southern, demonstrates an effective public-private partnership. The paper will focus on two specific components of the Heartland Corridor's construction: the Heartland Corridor's tunnel clearance project and the development of the Rickenbacker Intermodal Terminal near Columbus, Ohio.

I. Introduction

The Heartland Corridor is a public-private partnership between corporate and public stakeholders including the federal government, the Commonwealth of Virginia, the states of West Virginia and Ohio, as well as railroad corporation Norfolk Southern. This public-private partnership, in which all stakeholders contributed funding and faced financial risk, has enabled double-stacked container trains to efficiently travel between the Port of Virginia and Columbus, Ohio. The rail corridor functions as a gateway between the East Coast and the Midwest, and makes it possible for goods to be shipped between these regions in less time than was otherwise possible beforehand. Before the Heartland Corridor was built, insufficient vertical clearances forced double-stacked container trains to take indirect routes between the Atlantic coastline and the Midwest. Construction for the project began in October 2007 and was completed in September 2010. This paper will use a case-study approach to understand how stakeholders in the public and private sectors collaborated within two components of the Heartland Corridor's

construction: first, the Heartland Corridor Clearance Project, and second, the Rickenbacker Intermodal Terminal.

II. Heartland Corridor Clearance Project

According to the Federal Highway Administration (2009), an important component of the Heartland Corridor construction involved increasing tunnel clearances in western Virginia so that double-stacked international maritime and domestic containers could be efficiently transported by rail between the Port of Virginia and Columbus, Ohio. As a result of shipping goods in double-stacked containers, approximately twice the amount of goods can be transported, at a cheaper cost per individual container. The clearances have been improved through track modifications, lining and tunnel replacements and overhead obstructions have been eliminated through wire removal and fencing modifications. This project, which cost \$195.2 million in total, was designed to address clearance deficiencies in 28 tunnels along the Heartland Corridor.

The Heartland Corridor was significantly funded by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which President George W. Bush signed into law in July 2005. According to the Federal Highway Administration (2005), the SAFETEA-LU legislation sought to provide \$244.1 billion in guaranteed funding for projects related to highways, highway safety and public transportation. Described as the U.S.' largest surface transportation investment, SAFETEA-LU was designed to encourage intermodal connectivity, while mitigating traffic congestion and increasing the efficiency of freight movement.

As a result of SAFETEA-LU, the Heartland Corridor would ultimately receive \$140 million in Section 1301 and Section 1702 federal funding. All of the Section 1301 funds, which the

federal government allocates to projects of national and regional significance, were used to improve tunnel clearances in West Virginia. All of the Section 1702 funds, which are allocated to high-priority national projects, supported the improvement of the Cowan tunnel in Virginia. Overall, according to the Heartland Corridor Clearance Project's financial plan, federal funding was used to increase clearances of 24 tunnels and remove 19 overhead obstructions. Norfolk Southern agreed to fund tunnel clearances in Kentucky, along with drainage improvements along the corridor. Construction in Ohio was funded by Norfolk Southern along with the Ohio Rail Development Commission. At this point, the case study will shift its focus toward Ohio's Rickenbacker Intermodal Terminal: another important facility along the Heartland Corridor.

III. Rickenbacker Intermodal Terminal

The Rickenbacker Intermodal Terminal, near Columbus, Ohio is located directly adjacent to the Rickenbacker Global Logistics Park (RGLP) and cargo airport. From this terminal, trains can travel further westward to Chicago and other Midwest cities. The development of this terminal cost \$70 million in total. \$27.7 million was provided by federal SAFETEA-LU funds and Norfolk Southern contributed \$42.3 million. The Toledo Metropolitan Area Council of Governments predicts that within 30 years, the intermodal terminal is expected to directly create 9,500 new jobs and have an economic impact of \$15.1 billion. The Pickaway Progress Partnership (2013), an economic development organization within Pickaway County, Ohio, where the terminal is located, notes that the Rickenbacker Intermodal Terminal provides links to international markets, because of its connections to the Port of Virginia via the Heartland Corridor.

Norfolk Southern purchased some of the land surrounding the Rickenbacker terminal from a private owner and leased part of the terminal's land from the adjacent airport. Considering the terminal's location next to the airport, Rickenbacker is clearly a multi-modal transportation facility. In the future, the terminal may be expanded by "up to 125 acres and a total of 500,000 containers and trailers per year" (Pickaway Progress Partnership, 2013). Currently, the Rickenbacker terminal is the third largest intermodal terminal nation. Multiple partners were involved in developing the Rickenbacker terminal, for the facility construction reflects shared collaboration between Norfolk Southern, the Columbus Regional Airport Authority (CRAA), the city of Columbus and the state of Ohio. This public-private partnership received over \$112 million in funding. Toward this amount, Norfolk Southern contributed \$33 million, federal government funded \$28.9 million and the CRAA funded \$14.3 million (Pickaway Progress Partnership, 2013). The Ohio Rail Development Commission provided a \$0.8 million grant for the project. Additionally, State General Revenue, the City of Columbus, the Mid-Ohio Regional Planning Commission (MORPC) and Earnhardt-Will Water & Sewer District contributed smaller amounts.

The Rickenbacker terminal has also produced other economic benefits for its surrounding area. For example, over the next 30 years, it is expected that through tax revenues, the terminal will contribute to a total economic impact of \$15.1 billion and produce nearly \$2 billion in tax revenuesⁱ. Additionally, the Rickenbacker terminal is expected to have a positive impact on the natural environment and on the road as well. For example, over the next ten years, it is predicted that the terminal will contribute to 49 million fewer truck miles in Ohio, along with \$2 million in reduced pavement damage and \$2.45 million in reduced accidents (Pickaway Progress Partnership, 2013).

IV. Conclusion

Overall, the Heartland Corridor has positively impacted and economically benefited the Appalachian mountain regions between the Virginia coastline and the Midwestern states. This is because the Heartland Corridor has not only reduced the time taken to ship goods from the Port of Virginia to Columbus, Ohio, but provided regional job opportunities at the individual terminals. As new terminals are built in places such as Roanoke, Virginia and Prichard, West Virginia, the Heartland Corridor will enable rural communities to become more connected within the global marketplace.

The Heartland Corridor has made it possible for companies to transport goods between the Mid-Atlantic and the Midwest more efficiently than before. Had the Heartland Corridor not been constructed, shipping goods between these two regions would take approximately one day longer, over a distance of nearly 250 more miles. In order to analyze the Heartland Corridor's success more effectively, during future studies, the Heartland Corridor's frequency of usage should be compared to the rate at which competing modes of transport between the Port of Virginia and Midwestern cities are used. This will enable individuals to understand how the Heartland Corridor compares in utility, and in cost, to truck or air transportation between the two regions. But given the research gathered thus far, it is clear that the Heartland Corridor demonstrates how public-private partnerships between corporate and government stakeholders are currently capable of improving America's transportation infrastructure, and are likely to continue making a significant impact through new innovative construction projects to come.

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