

Governor's transportation plan would fund passenger, freight rail

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© December 11, 2004

Last updated: 9:25 PM

NORFOLK — Gov. Mark R. Warner's new transportation initiative would dedicate state revenue to fund passenger and freight rail projects across the state.

Such a dedicated fund would be a first in Virginia and would ease traffic congestion by diverting cargo from truck to rail, Warner told local port, business and elected officials Friday morning at Norfolk International Terminals.

"More freight on our railroads means fewer trucks on 64," Warner said.

His plan, part of the proposed Transportation Partnership Act of 2005, would devote revenue from the state's 3 percent sales tax on car rentals to the rail fund. That revenue is projected to amount to \$23 million in the next fiscal year.

The rail fund is a small element of Warner's \$824 million transportation proposal, first announced Thursday. But unlike other one-time parts of the proposal, the rail fund is self-perpetuating. Warner will send the package to the General Assembly when it meets in January.

One Norfolk Southern Corp. executive in attendance said the rail fund "sounds very good," although he is withholding absolute judgment until he sees the details.

"We need to have a more balanced transportation system, and that includes rail as well as roads," said Robert E. Martinez, vice president-business development for the Norfolk-based railroad.

Warner referred to two projects that could benefit from such a fund.

The first is the big container terminal being built in Portsmouth by APM Terminals for Maersk Sealand, the world's largest shipping line.

While a line owned by Commonwealth Railway comes close to where that facility will be, there is a proposal to reroute the line down the middle of Interstate 664 and state Route 164 directly into the terminal.

Even though it is owned by the larger short-line operator Genesee & Wyoming Inc., Commonwealth Railway would need government assistance to undertake such a large project.

The second project is a Norfolk Southern rail terminal in Prince George County near Petersburg that would handle the international shipping containers that can be readily shifted between ships, trucks and railroads. It would be the first such intermodal ramp in central Virginia, Martinez said.

That facility could take hundreds of trucks off Interstate 64 and state Route 460, Warner said.

Railroads have long paid for their own infrastructure, but times are changing. After decades of shrinking, the rail industry suddenly finds itself needing to expand and looking for money to invest in new rail infrastructure.

For example, Norfolk Southern has been seeking federal assistance for its proposed Heartland Corridor, which would raise the ceiling in rail tunnels through western Virginia, West Virginia and Kentucky, and shave about 36 hours off the rail run between Norfolk and Chicago.

Railroads are the nation's most capital-intensive business, Martinez said. On Dec. 2, Norfolk Southern announced plans to invest \$938 million next year on railroad facilities, lines, maintenance and equipment.

The railroad's 2005 capital budget includes some money for the Prince George County intermodal facility, but there is a shortfall that could be made up in partnership with the state if this fund is established, Martinez said.

The facility not only would allow for the ready movement of containers from the port to central Virginia by rail, but also would make that part of the state more attractive for economic development by opening it up for long-haul intermodal rail shipments from the West Coast, he said.

Details of the proposed rail fund were sparse. Warner did say that any spending by the state on rail projects would have to be matched in some way by private-sector partners.

The rail fund would be administered by the Commonwealth Transportation Board, said Pierce R. Homer, the state deputy secretary of transportation. The revenue stream from the car rental tax is stable and growing, up 10 percent last year, Homer said. The revenue produced by the tax currently goes to the Department of Motor Vehicles.

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