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Economy could benefit from railroad law changes

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HUNTINGTON -- The transportation bill that President Bush signed into law Aug. 10 could offer the Tri-State worldwide trade opportunities, more jobs and an economic shot in the arm.

The law -- the Safe, Accountable, Flexible and Efficient Transportation Equity: A Legacy for Users, or SAFETEA-LU for short -- earmarks \$90 million to make improvements along lines in West Virginia and Kentucky so the Norfolk Southern Railway can haul double-stack container trains between Midwestern cities and the Atlantic seacoast.

The work would include moving 24 overhead obstructions and enlarge clearances through 29 tunnels to allow the taller railcars, which drastically reduce transit times and costs for shippers.

Although the law doesn't mention them specifically, the government and the railroad expect rail-truck intermodal facilities to be part of the plan at Prichard and Roanoke, Va., where containerized freight would be transferred between tracks and trucks.

"It is expected that some of the \$90 million is intended for the Prichard facility," says Kent Keyser, a spokesman for Rep. Nick Rahall, D-W.Va. "The cost of Prichard was estimated at \$16 million in preliminary discussions."

Jerry McDonald, president of the Huntington Area Development Council, said Prichard would be the first intermodal facility in West Virginia and would act as a magnet for business.

"This is tailor-made as a lure for auto parts companies to locate here," he said.

Prichard residents are cautiously optimistic that he's right.

"I'm in favor of anything that will bring more economic growth to the area," says Tim Craft, a furnace operator at Steel of West Virginia.

Retiree Earl Newman believes the facility may bring more traffic, but still believes it's worth it.

"It will help the area a lot," he says.

Pam Webb, an employee at the Prichard Mart, hopes the jobs actually develop.

"They put in a 'peaker (power) plant' next to Kenova Water, and there were supposed to be jobs with that," she says. "But we didn't see them."

NS now operates single-stack trains on its route between Columbus, Kenova and Norfolk, Va. But tight clearances prevent the railroad from stacking a second container on the same flatcar.

Current double-stack trains between Norfolk and the Midwest must travel via Harrisburg, Pa., or Knoxville, Tenn. Running them more directly would save shippers between \$450 and \$650 per container, according to

a 2003 study by the Nick J. Rahall II Appalachian Transportation Institute.

"More business is coming from the Atlantic side because the Pacific side is reaching its capacity," says Jeff Heller, NS's assistant vice president of international marketing. "Five years ago, 60 to 70 percent of our business from Asia came through West Coast ports. Now more vessel capacity is coming to the East Coast via the Panama Canal and the Suez Canal. This business is going to grow."

The rub is that \$90 million won't do the job alone. Heller estimates that enlarging the tunnels alone will cost between \$120 million and \$150 million. Where the extra funds can be found still is a big question mark.

"Norfolk Southern will be into it for some piece, and it will be significant," Heller says. "We certainly have some skin in this game. But we hope to get additional funds from Ohio, West Virginia and Virginia."

The states, though, are waiting on a specific commitment from the railroad.

"The important thing is to look at the initial engineering and then open a dialogue from there," says Pat Donovan, acting director of the West Virginia Public Port Authority.

The railroad's engineering studies, which are necessary to fine-tune the required amounts, are expected to be finished by the end of the year and the tunnel and intermodal facility work completed -- if all the money is forthcoming -- by the end of 2009.

"I hope there's enough money to do it, but we won't know until the preliminary engineering studies are done," said state Sen. Bob Plymale, D-Wayne, adding that the final figure will depend on how the enlargements are made.

McDonald says it time for business to step up.

"This has got to be a public-private partnership," he said. "The public -- i.e., the federal government -- is stepping up with \$90 million. I would think the private sector, the railroads and the shippers, would come into the operation of the business itself."

If intermodal is the growing gold mine everyone says it is, why hasn't that happened already?

"That's a huge front-end investment," McDonald said. "It's difficult for a private company to take \$90 million and do these types of improvements."

He compared the situation to the billions of dollars it takes for private contractors to construct interstate highways.

"It wouldn't happen without federal involvement," he said.

Dr. Walter E. Williams, John Olin distinguished professor of economics at George Mason University in Fairfax, Va., disagrees.

"If there is a particular investment that's worthwhile with a huge payoff, you can easily get private resources -- such as investment bankers -- to get loans to finance it," Williams says. "The transportation bill, with all its boondoggles and pork projects, is a betrayal of the American people."