



The heartland corridor: using public private partnerships to transform institutional settings

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“The dead govern the living” - Auguste Comte

- Major infrastructure projects represent long-term commitments and they have far-reaching implications for future transport operations. Legacy obligations exert perhaps the most significant single influence on transport planning.
- There appears to be a real desire on the part of the US transport administration to deliver a unified transport vision but due to such legacy obligations the ability to deliver this vision may be compromised.
- A key challenge of transport geography is to understand [shifting notions of infrastructure provision](#) brought about by changing roles of the public and private sectors.



Peripheral regions

- Regions can become peripheral due to a lack of transport infrastructure development, for instance being bypassed by major intermodal corridors due to the lack of suitable access points or connecting routes.
- Trade in the region is penalised, leading to a migration of production to better-served locations, and the cyclical process that ensues embeds peripherality and leads to path dependence of major transport operations on the main lines.



Methodology

- Site visits and interviews were undertaken with stakeholders along the corridor route.
- Aim is to explore the institutional factors at play in the collective action problem faced when attempting to challenge path dependence. Framework derived mostly from:
 1. [institutional thickness](#) (Amin and Thrift, 1995): a measure of the institutional setting
 2. [hinterland access regime](#) (de Langen and Chouly, 2004): refers to specific projects.
- The aim of the theoretical framework developed in this paper is to draw both approaches together.
- See paper for full details on the literature.

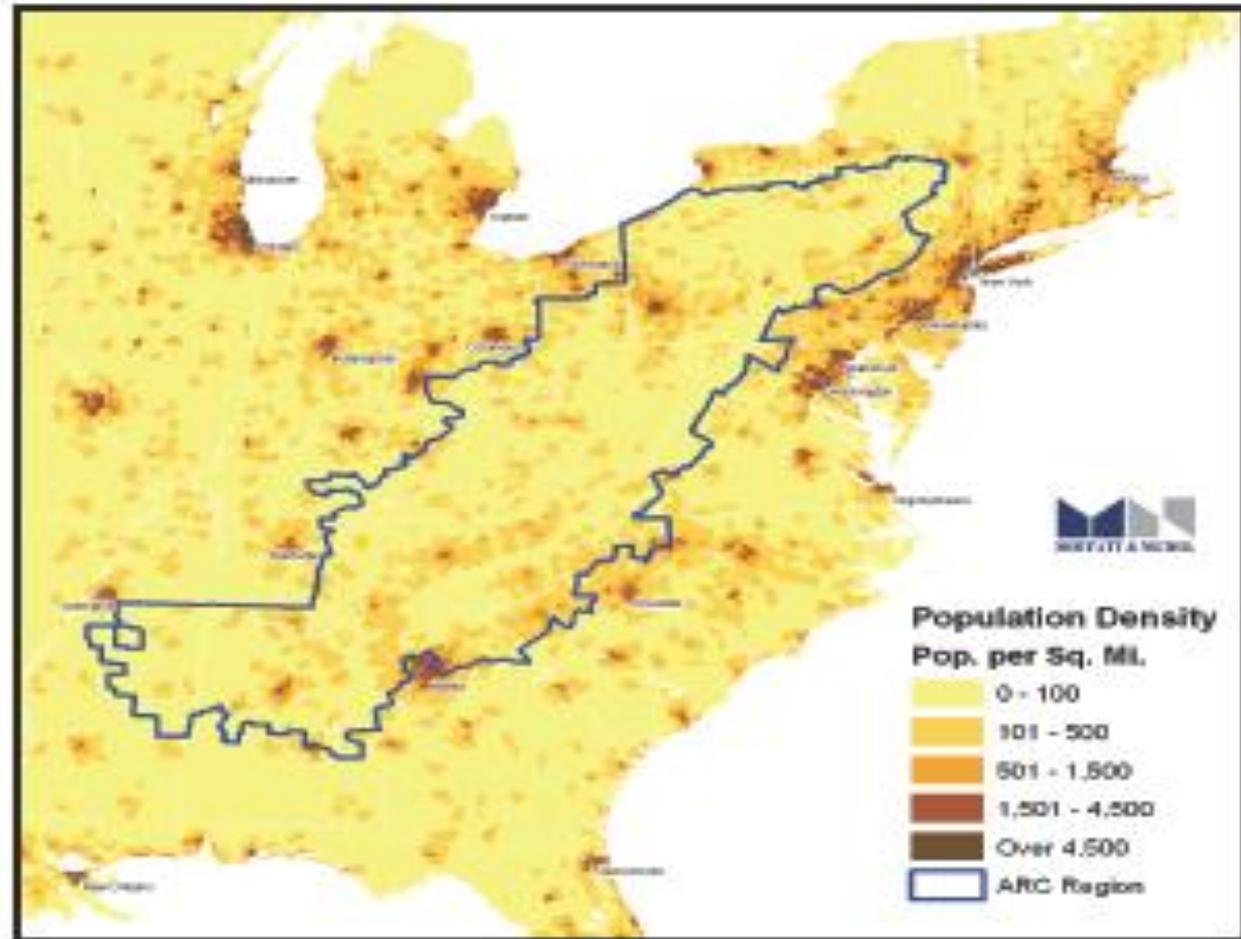
Theoretical Framework: 6 factors

1. Define reasons for the collective action problem
2. Institutional setting 1: outline the roles, scales and institutional presence of public organisations
3. Institutional setting 2: identify the presence (or otherwise) of a well-defined infrastructure for collective action
4. Measure the level of interaction amongst (public and private) organisations and institutional presences
5. Look for common sense of purpose & shared agenda
6. Gauge the role of leader firms



The Appalachian Region

- Covers an area twice the size of Great Britain with 1/3 the population.
- Appalachian Regional Commission (ARC) created 1965. Ec dev agency.



Heartland Corridor

- 1st multistate private-public rail corridor in the US
- Shorter (over 200 miles) and faster (about 24 hours) route to the Midwest along with high-speed double-stack capacities.
- Provides economic development and transportation opportunities to this peripheral region



First phase

- 1999. ARC commissioned study on commodity flows and transport costs.
- 2000-1. Ongoing meetings: ARC, WV DOT, NS railroad, Ohio Dev Authority, Virginia Dept of Rail and PT, RTI (research org).
- Both eastern railroads CSX and NS invited.
- 2002. Second study commissioned.
- West Virginia ranked 40th out of 50 states in the percentage of Gross State Product derived from exports (RTI, 2003).



Study findings (RTI, 2003)

- “Most areas of West Virginia are more than 130 miles from the nearest rail-truck intermodal facility. The same is true for eastern Kentucky and southern Ohio.”
- “Adds approximately \$450-\$650 to each container shipped to or from the region.”
- “Lack of access to intermodal terminals must be addressed. However, because the rail lines that traverse the region cannot accommodate double-stack intermodal railroad equipment, remedying the lack of facilities is challenging.”



Political dimension

- “In state capitals, town halls and business offices, and on Capitol Hill, scores of familiar questions were answered thousands of times, while both methods and conclusions were constantly scrutinized. As a product of this process, untold numbers of stakeholders helped shape and promote what eventually became a coherent legislative initiative.”
(ARC, 2010; p9)
- Interviewees stressed the importance of ongoing dialogue to make the case at federal level.

Started 1999. Opened in 2010.

- Total: \$195m. SAFETEA-LU (2005) earmark \$84m. \$100m NS.
- Two MoA, one between Federal Highway Administration (FHWA), Eastern Federal Lands Highway Division and Norfolk Southern, and the other between FHWA, EFLHD and the three states were completed in August 2006.
- The MoA established an unprecedented funding mechanism between the federal government and the railroads that allowed money to flow directly from the federal government to the railroad.

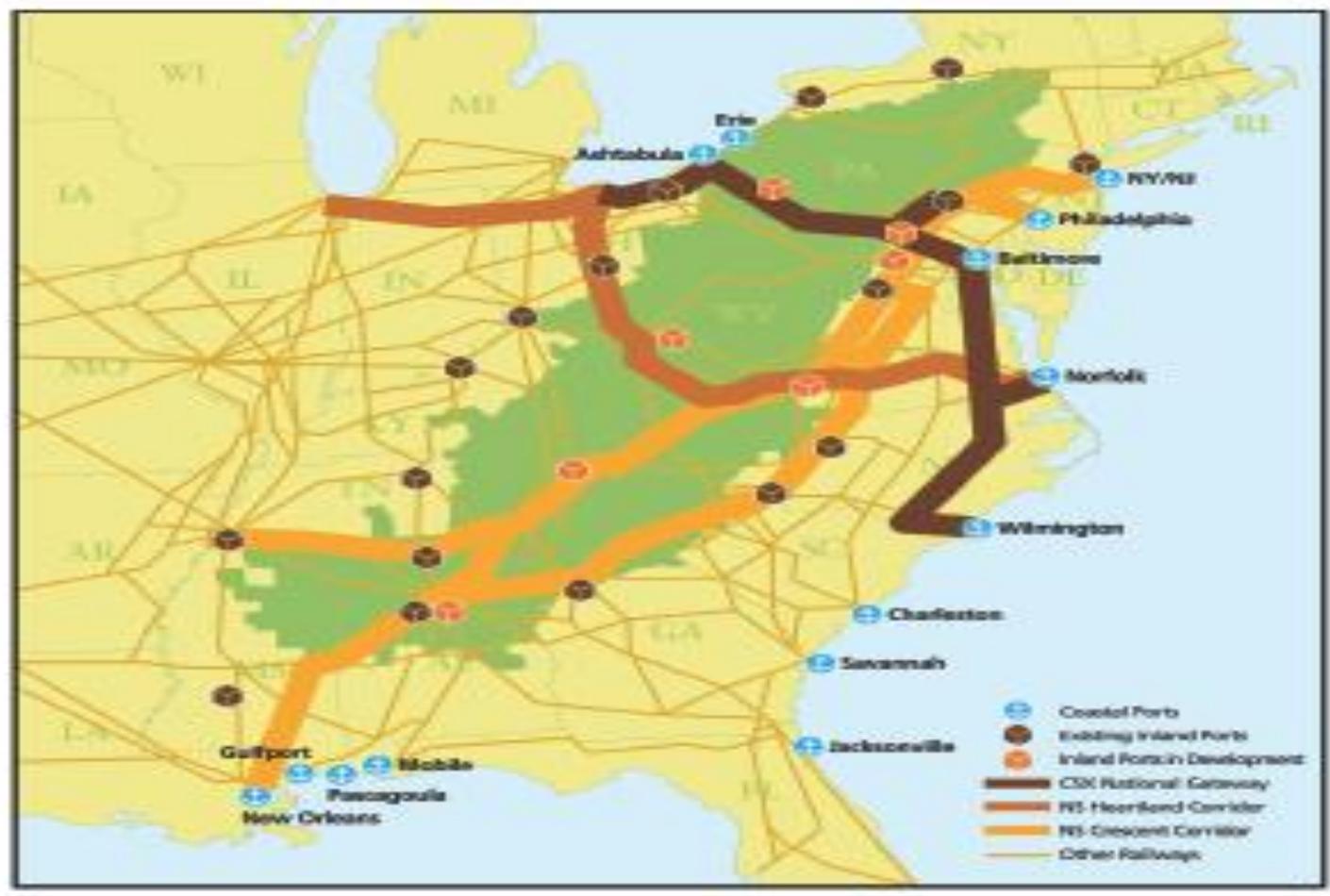
Government policy & funding

- Increasing intermodal approach but govt agencies remain modally based.
- State DOTs allocated money individually by federal DOT and work on their own projects. Little incentive for states to spend money on projects that are perceived to be of primary benefit to other states.
- Federal legislation, congressional earmarks, projects of national and regional significance. Large infrastructure project funds decided by Congress and generally driven by politicians on behalf of their constituents. Criticised for lack of transparency.

New developments in govt policy & funding

- Stimulus package (2009) provided \$1.5bn for transport projects through the Transportation Investment Generating Economic Recovery (TIGER) programme. TIGER 2 (\$600m) followed in 2010.
- Significant revival of interest in rail projects. As public bodies were the only eligible applicants, Class I railroads were required to form partnerships with them in order to process an application.
- List of recipients indicates that taking an integrated approach to transport problems by focusing on corridors was considered an attractive proposition for federal legislators.

Recent developments of intermodal corridors in the USA





- **Alameda Corridor** (opened 2002). \$2.43bn. \$400m federal loan (first of its kind), \$1.16bn revenue bonds, \$394m from ports. First major PPP intermodal corridor.
- **NS Heartland Corridor** (opened 2010). First multi-state PPP intermodal corridor. \$195m.
- **CSX National Gateway**. Similar PPP. Projected cost \$842m. \$98m TIGER 1 grants. Like NS Heartland Corridor, new large intermodal terminal in Ohio.
- **NS Crescent Corridor**. Projected cost \$2.5bn. \$105m TIGER 1 grants.



Results 1

1. Reasons for the collective action problem

- Unequal distribution of costs and benefits
- Lack of willingness to invest
- Lack of a dominant firm (served by two Class I railroads)
- Lack of understanding of the role of regional access to global markets

2. Institutional setting 1 (roles and scales)

- Roles were well-defined at local, state and federal level.
- Institutional thickness strongest at state level but needed regional impetus to draw states together.



Results 2

3. Institutional setting 2 (infra for collective action)

- Initially there was not a well-defined infrastructure therefore a political champion was particularly important at the early stages to connect the stakeholders with funding opportunities.
- Initiated by the regional development agency that was able to build informal networks.
- This multi-state concept was then replicated in other projects seeking federal funds, thus a well-defined infrastructure for collective action is now in place.

4. Level of interaction amongst these institutions

- Market studies conducted to identify options
- Regular steering group meetings.
- Regular promotion to convince relevant people of the benefits. High level of interaction noted by interviewees as of central importance.



Results 3

5. Common sense of purpose and shared agenda

- Regular steering group meetings.
- Regular promotion of the project in different contexts.
- Agreement on a multi-state corridor approach.
- Recognition by all stakeholders of shared benefit was essential in allocating the funds to specific locations.
- Developed common presentation and outreach materials

6. Gauge the role of leader firms

- Norfolk Southern involved from early in the project, contributed funding, flexible with requirements.
- Other firms followed afterwards in similar multi-state corridor projects, most notably CSX's National Gateway (CSX had declined to take part in the Heartland Corridor).
- States now looking at other related investment along the corridor for intermodal terminal access



Conclusions

- Funding system has progressed from congressional earmarks which have been criticised in the past for their subjective nature, and towards a more transparent, bid-based system.
- Thus governance of transport infrastructure development has moved towards a reconciliation between top-down planning approaches and market-driven private sector development.
- Two major multi-state corridor projects have since been begun, based partly on multi-state PPPs and federal funding through the TIGER programme.



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