

**Economic and Employment Impact Analysis
Proposed Birmingham
Intermodal Facility and Related
Regional Industrial Development
Birmingham, Alabama, 2009 through 2020**

Executive Summary

Purpose and Scope: Insight Research Corporation has completed an economic and employment impact analysis of The Alabama Great Southern Railroad Company (AGS)* Intermodal facility as proposed for Jefferson County near the City of Birmingham, Alabama.

Also examined are benefits to related industrial activity within the seven-county Birmingham-Hoover, AL Metropolitan Statistical Area (MSA) where the facility is expected to provide maximum logistics support. The analysis uses U.S. Bureau of Economic Analysis Regional Input-Output Modeling System Series II (RIMS II) methodologies. Benefits are cited in constant 2009 dollars.

** AGS is a subsidiary of Norfolk Southern Railway Company (NSR), which in turn is a subsidiary of Norfolk Southern Corporation (NSC); AGS, NSR and NSC are referred to as Norfolk Southern/AGS in this analysis.*

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**DESCRIPTION OF NORFOLK SOUTHERN/AGS INTERMODAL ACTIVITIES NEAR
BIRMINGHAM**

Norfolk Southern/AGS proposes to construct a 262-acre rail intermodal facility in 2010 in unincorporated Jefferson County near Birmingham, Alabama. Capital investments for land acquisition in 2009, and construction in 2010 and 2011 are expected to be \$119.06 million, with an additional \$8.7 million to be invested in lift equipment, vehicles and other facility fixtures and rolling stock.

This new intermodal facility would provide direct employment for some 230 persons with an estimated average salary of \$51,800 yielding a total annual payroll of \$11.9 million. Facility employment includes drayage employees, on-site contractors, and train operation crews. The intermodal facility is expected to handle 165,000 annual lifts.

**KEY FINDINGS
NORFOLK SOUTHERN/AGS BIRMINGHAM INTERMODAL ACTIVITIES ONLY**

Annual Economic Impact 2020				\$35.4 Million
Cumulative Economic Impact, 2009 to 2020				\$625.3 Million
Annual Employment Impact at 2020				
	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>	
Intermodal Facilities Only	230	248	478	
Annual Direct Payroll by 2020				\$11.9 Million

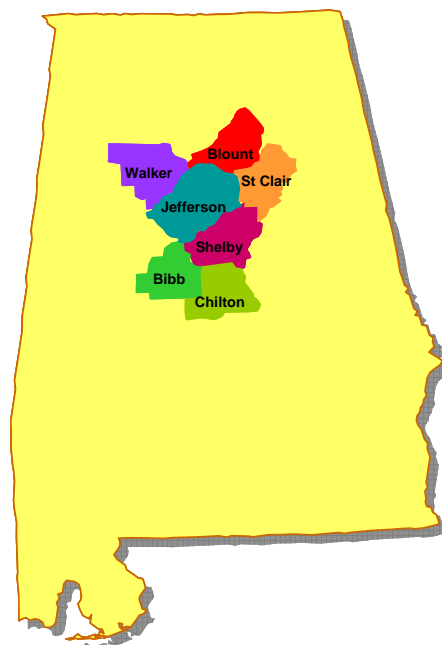
**DESCRIPTION OF INDUSTRIAL DEVELOPMENT
AFFECTED BY THIS NORFOLK SOUTHERN/AGS INTERMODAL FACILITY**

Improvements to the Norfolk Southern/AGS intermodal and rail logistics services as proposed for the Jefferson County site are expected to facilitate industrial growth in the Birmingham MSA area, as well as providing additional support for Birmingham’s growing marketplace for manufacturing materials, commodities and finished goods. A quantifiable portion of the area’s industrial activity is dependent on the cost advantages provided by intermodal service to stay competitive.

Benefits related to industrial activity in the market area include parts of the current and future industrial base which could be at risk (12%) should insufficient rail intermodal capacity be available. Another 38% of the market area’s industrial base could achieve some benefit from the availability of improved intermodal rail capacity.

New industrial development “at risk” from 2009 through 2020 totals 1.7 million square feet, while that determined to be “potentially benefited” over the study period is estimated at an additional 5.5 million square feet, for a total of 7.2 million square feet of industrial space affected by the proposed intermodal improvements.

***The Seven-County Birmingham-Hoover, AL MSA
Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties***

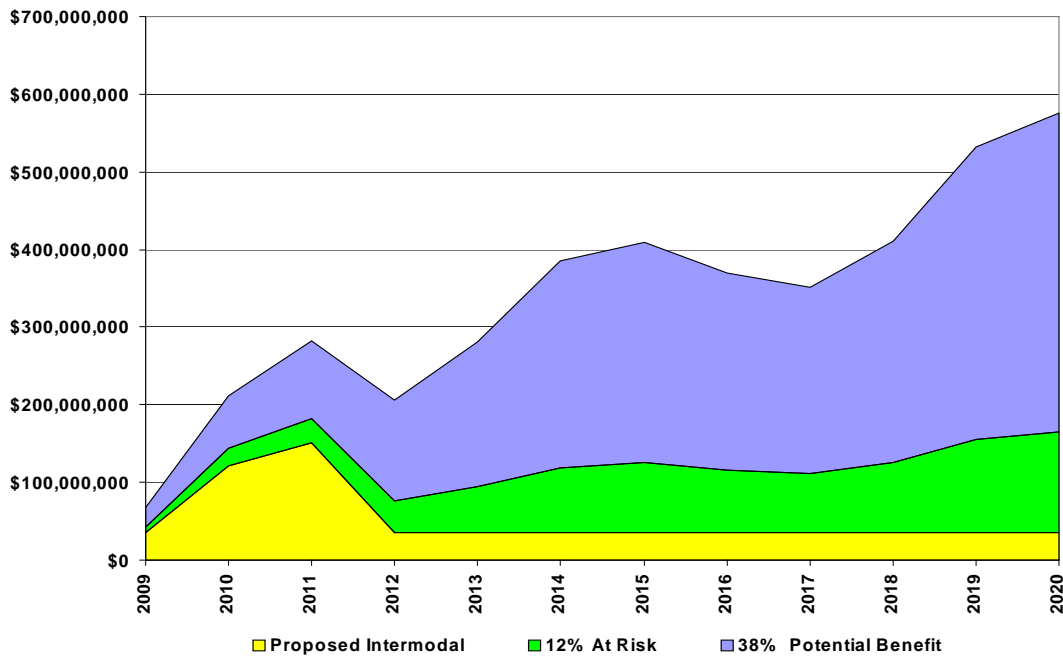


**ADDITIONAL FINDINGS OF IMPACT ON INDUSTRIAL DEVELOPMENT
AFFECTED BY THIS NORFOLK SOUTHERN/AGS INTERMODAL FACILITY**

ECONOMIC IMPACT: Economic impact is the benefit to the general economy of the entire Birmingham intermodal service area, shown as a multiplier and generally referred to as the "economic ripple effect" of new money in the economy. All results are cited in 2009 constant dollars.

Cumulative Economic Impact 2009 – 2020

Birmingham Intermodal Facility Only	\$0.625 Billion
At Risk and Benefited Industrial Expansions	<u>\$3.458 Billion</u>
Total Economic Impact	\$4.083 Billion



EMPLOYMENT IMPACT: This impact analysis includes permanent, full time equivalent (FTE) direct and indirect employment for both initial investment and operating phases of the intermodal facilities and industrial expansions. Direct employment refers to persons on the payroll of the facilities, while indirect employment is generated by the purchases of goods and services by the facilities and their employees. Temporary construction employment is excluded from these calculations.

Annual Market Area Industrial Employment Impact by 2020

	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>
Intermodal Facility Only	230	248	478
At Risk and Benefited Industrial	<u>3,279</u>	<u>4,851</u>	<u>8,130</u>
Total	3,509	5,099	8,608

Annual Direct Payroll by 2020

Intermodal Facility Only	\$11.9 Million
At Risk and Benefited Industrial Expansions	<u>\$210.0 Million</u>
Total	\$221.9 Million

Norfolk Southern AGS Railroad Company Birmingham Intermodal and Related Market Area Industrial Expansions Employment at 2020

