

Freight Opportunities

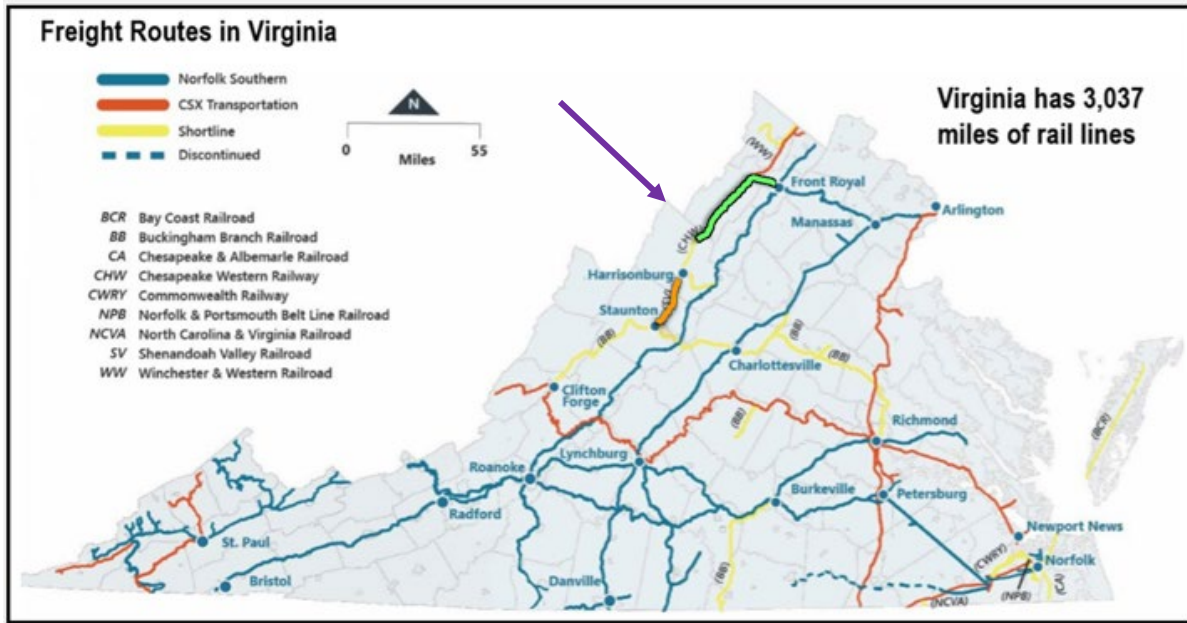
A short line railroad can easily come in and provide the common carrier services for the section of track spanning from Broadway, Virginia to Riverton Junction, Va. offering rail freight delivery services to area businesses seeking rail as a supply chain option. The short line railroad could utilize existing rail side buildings and sites to help existing businesses while attracting new business and economic potential for the region. This will be done through marketing and promotion of rail-to-dock or trans-load opportunities.

A short line railroad will be focused on bringing freight rail services back to existing businesses that are adjacent to the track. They will also focus on outreach to business and industries not adjoining to the rail line but who could benefit from having rail service to diversify their supply chain needs in today's market. Additionally, this group will work with the MGRE to develop existing Virginia Site Readiness Program Tier 1 or 2 sites along the line up to Tier 4 as part of an industry and manufacturing development opportunity.

As rail and other supply chain methods are highly sought after in today's market where fuel prices are high and truck driver availability is low. Supply chain diversity is key to meeting consumers' demands. Additionally, green alternatives in a business's supply chain are growing in importance. One rail car has the ability to carry the equivalent of 3-4 tractor trailers and rail is now being viewed as a green, environmentally friendly alternative. Additionally, the location of this right-of-way is in what some consultants and commercial developers believe to be the next major development center on the east coast as industry and manufacturing spread further south from the higher taxed, locations of the northeast United States with lower real estate availability. With a 20 minute proximity to the Virginia Inland Port, minutes to existing warehousing and numerous interstate access points, and proximity to various state borders, this line stands to be prime for future rail development along the western side Virginia.

Bring back a supply chain option to benefit existing businesses while driving economic development for the region in terms of site development for industry, manufacturing or logistics which will in turn bring employment opportunities for its residents.

There are several specific businesses in the area that could realize immediate benefit from this opportunity. For example George's Chicken has a feedmill located in Mount Jackson. In speaking with this existing business, they have expressed strong support for the line to be reopened as it would provide them another mode of supply chain for receiving agricultural commodities such as corn or soybean meal to this location as opposed to relying solely on truck delivery. Additionally this mill is interested in shuttle rail car services from a mill 1000 ft from the interchange of this line with CSX. Bringing service back to this feedmill would relieve truck traffic pressure on the Interstate as this mill has been 100% reliant upon over the road services for its milling ingredients since Norfolk Southern discontinued service. There are several other existing buildings along the line that have the potential to be rail served sites with a suitable tenant in these facilities. Additionally, there are numerous green field sites that could benefit from having rail as an option to further the development of the site and area.



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The location of this line has many advantages that rail shippers seek, access to both class I railroads of the east coast. Norfolk Southern Railway would maintain interchange points at two locations, one on the southern end at Broadway, VA and one on the Northern end at Riverton Junction, VA. Class I railroad CSX actually has interchange track infrastructure in place just outside the town of Strasburg. Either Class I can provide competitive pricing advantages for a shipper on the NSVR line.

Market Analysis



“There is a lot of trans-loading going on on the east coast and it will continue to grow as freight goes from west coast ports to east coast ports. Trans-loading was starting before the pandemic with retailers, CPG companies and they’ll continue to looking for network optimization. There’s been a lot of growth in Texas, the Midwest, and Tennessee, and we see a lot of trans-loading on the east coast. We started seeing this before the pandemic. Due to uncertainty with trade it helped accelerate it. All this goes back to business resiliency, shippers are going to have multiple ways to solve sourcing”

Jon Casto, Director of Global Supply Chain Services, TCS – Dec. 2020



“There is about to be a shift southward on logistics, costs from both labor and land/building are reaching a tipping point in northern markets”

Jake Servinsky, Vice President at JLL, Richmond, VA – Feb. 2021



“We are at a deficit of site development within the state of Virginia. With the unbelievable year of 2021 in regards to business expansion, relocation or on shoring, much of Virginia’s existing buildings and sites were consumed. Therefore, we are struggling now to continue this trend of attracting companies to the state, we have few options for them to select from”

John Loftus & Steven Moret, VEDP 2021



2019 Prosperity Cup – Virginia Ranked #1 Most Competitive State Economic Development Group in the U.S.



2019 & 2021 – Virginia Ranked #1 as Top State for Business



2019 – Virginia Ranked #1 for Best States for Business – Quality of Life



2019 – Virginia Ranked #3 for Best States for Business – Regulatory Environment



2019 – Virginia Ranked #4 for Best State for Long-Term Fiscal Stability



Below is a screenshot of the the number of site requests or actual projects SVP has received seeking rail served sites. In total its 24 rail served requests since January 2020. The formatting of this shows the type of industry, date of inquiry, lead source, amount of capital investment the business would have made in the area, job creation potential, state of the prospect lead, the date it was last updated and any notes made:

	Basic Industry Description	Created Date	Type	Lead Source	\$ Capital Investment Amount	Job Creation #	Stage	Last Updated	Last Logged Notes
24	unknown	12/28/2021	New Business	VEDP	\$375-475M	200	Closed	12/4/2021	No sites suitable for project
23	Salvage	12/27/2021	New Business	Partner	\$3M	10	Closed	12/4/2021	No rail sites submitted
22	Manufac.	12/1/2021	New Business	VEDP	\$700M	450	Closed	12/1/2021	Not Sites available
21	Distr.	10/22/2021	Existing Business	Direct	\$3M	10-20	Lead	11/5/2021	In person meeting to discuss site
20	Manufac.	9/8/2021	New Business	VEDP	\$140M	210-250	Lead	9/10/2021	Letters of Support Submitted
19	Manufac.	8/3/2021	New Business	TBIC	\$48M	84	Closed	8/16/2021	No sites available
18	F&B	7/16/2021	New Business	VEDP	\$140M	250	Lead	7/22/2021	Sites Submitted
17	Manufac.	5/5/2021	New Business	VEDP	\$100M	550	Closed	9/7/2021	Company informing us that they decided to establish their investment in New Jersey. A contributing factor to their decision is the ease of logistics on the east coast.
16	Warehousing	4/28/2021	New Business	TDIC	\$50M	20-50	Closed	5/6/2021	No response back
15	Manufac.	4/22/2021	New Business	VEDP		400-500	Closed - lost	6/23/2021	No suitable sites within the state of Virginia with pre-existing cold storage available
14	Manufac.	3/18/2021	New Business	VEDP	\$3.5B	900-5200	Closed	3/18/2021	No sites or workforce to meet
13	Manufac.	1/29/2021	New Business	VEDP	\$60M	25	Closed	5/19/2021	VEDP disengaging as no movement from company
12	Manufac.	1/19/2021	New Business	VEDP	\$45M	233-750	Closed - lost	1/22/2021	No existing building inventory available to meet request
11	Heavy metal manufact.	10/27/2020	New Business	VEDP	\$320M	100	Closed	11/12/2020	Site submitted - Not shortlisted
10	unknown	10/14/2020	New Business	Consultant			Closed	11/19/2020	No response back

	Basic Industry Description	Created Date	Type	Lead Source	\$ Capital Investment Amount	Job Creation #	Stage	Last Updated	Last Logged Notes
9	Manufac.	9/30/2020	New Business	VEDP	\$15M	340	Closed	5/19/2021	Client Disengaged
8	Manufac.	9/24/2020	New Business	VEDP	\$300M	300	On Hold	9/30/2021	Company is still evaluating the project internally.
7	Food & Beve	9/11/2020	New Business	Local Partner		800-1000	Closed	2/3/2021	Dominion Closed
6	Manufac.	9/4/2020	New Business	VEDP			Closed	12/15/2020	No reponse to submitted sites
5	Plastics	3/24/2020	New Business	Local Partner		12-15	On Hold	11/12/2021	Site changing; funding slow
4	Manufac.	6/15/2020	New Business	VEDP	\$300M	300	Closed	6/24/2020	No sites suitable for project
3	Medical	5/18/2020	New Business	VEDP	\$500-700M		Closed	5/18/2020	No sites large enough
2	unknown	4/7/2020	New Business	VEDP			Closed	5/12/2020	No response
1	Plastics	1/14/2020	New Business	Local			Closed - Won	1/2/2020	Company very quickly determined suitable location within region and moved forward with expansion to East Coast
				Totals	\$ 6,899,000,000	10,394			

In summary, the region has little to no sites that are rail served and ready for business. As you can see, we have had to “Close” almost every lead we’ve received for rail served sites as we have little to none to put forth from the Shenandoah valley region. Over \$6.89 billion dollars have been missed or lost investment and thousands of jobs have not been able to be created as a result of not having sites to submit within the region of any interest or attraction. We are not suggesting we could have won all these potentials, but these are real numbers – not hypothetical modelled numbers. With the inability to put forth good sites, localities are losing out on the economic potential and jobs for their local citizens that these businesses could generate. This list should prove there is a consistent interest in rail served sites in Virginia, but the number of closed, lost or no responses reflects the opportunities we have.

The region provides various opportunities from small to significant freight car volume for existing businesses with the area to a large potential of sites prime for development that could benefit multimodal option with the proximity to I-81 or future sites. What's encouraging is there are several large sites that have conceptual plans already engineered that have rail access. The land owners developed the conceptual idea on the premise the railroad would always be around. However as already discussed, Norfolk Southern has determined it's not worth their investment to continue service on the line.

A quick phone survey has taken place and some questions with regards to opportunities has started to take shape.

Below is a list of existing businesses along the line that have expressed strong interest in rail service:



Existing Businesses along the line that have not been approached for rail service:



Potential Business Opportunities *not* within the region but have interest:



Potential Partnership Opportunities with Developers of existing and potentially future sites:

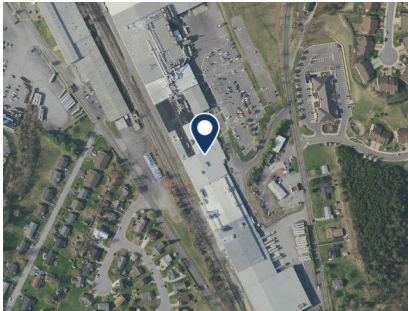




PANATTONI®



Potential Sites located along the line for rail service:



LSC Communications Strasburg
1 Shenandoah Valley Drive
Strasburg, VA 22657



I-81 Interstate Land
I-81 and Mount Olive Rd.
Toms Brook, VA 22660



Rt 11 Maurertown
24347 Old Valley Pike
Maurertown, VA 22660



Shen Valle Logistics
182 Johns Manville Drive
Edinburg, VA 22824



Irvin Wholesale Distributors
16409 Old Valley Pike
Edinburg, VA 22824-3528



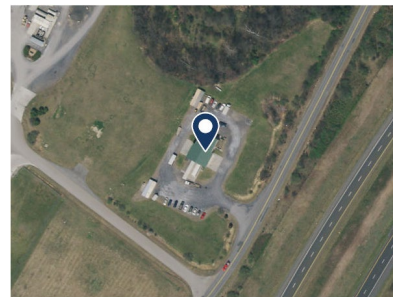
Valley of Virginia Warehouse
201 Valley Road
Mt Jackson, VA 22842



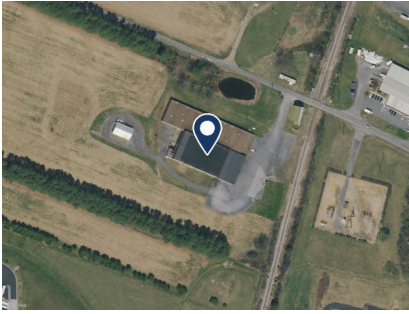
Valley of Virginia Warehouse Site
Valley Road
Mount Jackson, VA 22842



Turkey Knob Road Site
1492 Turkey Knob Rd
Mount Jackson, VA 22842



1067 Industrial Park Rd
1067 Industrial Park Rd
Quicksburg, VA 22847



Wissler Rd Site
1091 Wissler Road
Mount Jackson, VA 22842



IDA Site #1
Dish Drive
Mount Jackson, VA 22842



IDA Site #2
Turkey Knob Rd and Dish Drive
Mount Jackson, VA 22842



493 Stonewall Lane, Quicksburg, VA 22847

Site Locations in Shenandoah County

