

**Chicago Metropolis 2020
Statement to the Surface Transportation Board**

**Regarding the Proposed Acquisition of the Elgin, Joliet & Eastern West Railway
Company (EJ&E) by the Canadian National Railway Corporation (CN)**

STB Docket # FD 35087

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Chicago Metropolis 2020 is a business-led civic organization created in 1999 by the Commercial Club of Chicago to promote sound and sustainable economic growth of the Chicago region. We have provided regional leadership on freight issues, including publication in 2004 of *The Metropolis Freight Plan: Delivering the Goods*.

We offer these comments on the proposed CN acquisition of the EJ&E railway.

Statement of Support with Conditions

Chicago Metropolis 2020 strongly supports, with reasonable conditions, the proposed acquisition of the EJ&E Railway by the Canadian National Railway Company. The regional freight network is choking on congestion, and freight traffic is expected to nearly double in the next twenty years. In response, CN is proposing to invest its own money to add critically needed freight capacity. The EJ&E acquisition and improvements can yield substantial transportation and economic benefits to the region and nation.

The STB should approve the acquisition with conditions to:

1. Enable other Class I railroads to efficiently connect to the EJ&E so more inter-terminal and cross-town shipments can be carried on the rails instead of being loaded onto trucks, and thus reduce traffic congestion on area roads;
2. Guarantee that CN use of the EJ&E and any of its subsequent actions related to the St. Charles Airline will enable equal or better Amtrak service to continue and facilitate planned service expansions;
3. Ensure that existing and planned bus and rail mass transit service that crosses the EJ&E will be safe and not be limited or diminished;
4. Enable the Regional Transportation Authority to plan and implement efficient transit service in the EJ&E corridor;
5. Mitigate negative impacts on communities, particularly those related to public health and safety, as determined through the Environmental Impact Study.

Rationale

Freight congestion and delay in the Chicago area has serious regional and national economic consequences. If CN acquires and upgrades the EJ&E, which is currently underutilized, it can quickly add greatly needed capacity to the region's freight rail system. It can be a major step in unclogging the rail system, which will reduce shipping costs, spur investment and add jobs, both locally and nationally.

The current regional plan for freight rail improvement, CREATE, which we support, is a \$1.5 billion program to improve tracks, switches and interchanges on the region's Class I railroads. If CREATE were completed now, the Chicago rail system could efficiently handle current rail volumes. But shipments by rail and truck are expected to almost double over the next 20 years and CREATE is facing serious funding challenges.

The CREATE partners proposed that the railroads pay \$212 million, or about 15 % of the cost of the \$1.5 billion program, while government funds would pay about 85 percent, or \$1.28 billion. To date, less than \$300 million in public and private funding has been committed, and local planning and environmental mitigation issues remain to be addressed. At the current pace it will take 25 years to complete CREATE.

In contrast, CN is proposing to pay 100 percent of the cost of acquiring and improving the EJ&E, an active freight rail corridor since the 1880s, to add vital capacity to the Chicago region's freight railroad system. CN is not seeking any public funds, although it is reasonable to expect that if the acquisition is approved, existing state, federal and local fund sources could be accessed to assist in completing grade crossing improvements and related improvements.

The investments by the CN will benefit each of the other major railroads by freeing up capacity on the rail lines within the EJ&E arc that CN has been using. CN says it will continue trackage rights agreements on the EJ&E with the other railroads. If improved connections were constructed that could enable more use of the EJ&E by the other railroads, there could be additional substantial economic and environmental benefits from reduced rail congestion.

CN has committed to cooperate with Metra to create "win-win" solutions that maintain safe and efficient Metra service. This commitment must be more clearly defined, since all Metra lines cross the EJ&E.

CN has also committed to work with communities that may experience negative impacts to mitigate those impacts. Again, this commitment must be more clearly defined to address the most significant negative impacts.

In its application, CN has committed to cooperate with other owners of the St. Charles Airline to ensure continued Amtrak service. This commitment also needs to be more clearly defined. Any changes resulting from this transaction must enable Amtrak to

provide equal or better levels of service and meet growing demand for intercity passenger rail service.

Suggested Questions for the Environmental Impact Study to Address

There are several questions that the STB should consider and answer through the Environmental Impact Study that would enable it to include reasonable and fair conditions in its final order.

1. Since CN will be reducing its use of freight routes inside the EJ&E arc, thus freeing up some of the capacity on those interior lines, other railroads would be expected to benefit from more efficient movements. What would be the time savings and resulting economic and environmental benefits to the other railroads and public resulting from reduced congestion on the rails? What would be the economic and environmental benefits of reduced road traffic delay at grade crossings in those areas?
2. What can be done to provide better connections between the EJ&E and all of the railroads? Each of the other major railroads serving Chicago should be directly and efficiently connected to the EJ&E to enable them to use the EJ&E for shipments that do not need to go inside the EJ&E arc and to reduce the use of trucks to transfer carloads and containers between rail yards. This could offer additional transportation, environmental and economic benefits.
3. How does the CN projected volume for the EJ&E compare with historic volumes on the EJ&E? How does it compare with traffic volumes on other freight rail lines in the Chicago area?
4. How many additional trains per day could the EJ&E carry through trackage agreements? Would STB approval be needed if the current owners of the EJ&E chose to carry more trains on the EJ&E?
5. What needs to be done to minimize conflicts between EJ&E freight traffic and mass transit service? Where are the at-grade crossings on the EJ&E that will need to be improved or separated to ensure safe and efficient bus and commuter rail service?
6. What is the relationship between the EJ&E and existing and proposed Intermodal yards, particularly in the south suburbs? What can be done in planning for the EJ&E to enable efficient and environmentally sensitive connections to Intermodal terminals?
7. What is the potential for use of mitigation fees to pay for costs related to mitigation of any negative impacts of increased traffic on the EJ&E resulting from this transaction?
8. What costs will be incurred by Amtrak and the State of Illinois for state-sponsored service to ensure efficient access into Chicago Union Station if the St. Charles Airline is abandoned? What is CN's commitment to share in those costs?