

**Canadian National Railway Company – Acquisition of the Elgin, Joliet & Eastern Railway Company, Surface Transportation Board – Finance Docket No. 35087
Open House/Public Meeting held at the Crowne Plaza Chicago North Shore, 510 East Route 83, Mundelein, Illinois on August 26, 2008**

My name is Bob Vitas and I am the Village Administrator of the Village of Lake Zurich, Illinois. First of all, thank you for allowing me the opportunity to speak on the issue of the Canadian National Railway Company acquisition of the EJ&E rail line that traverses through the exact center of our community.

In other testimony, the Village President John Tolomei and Village Trustee James Johnson, along with Village Department Heads will address various shortcomings of the Draft Environmental Impact Statement. The focus of my testimony will relate to the negative financial impacts the Village of Lake Zurich can expect to sustain should the Surface Transportation Board approve the acquisition over the outpouring of local objections.

In the Draft Environmental Impact Statement, the section on Socioeconomics fails to clearly identify the fiscal impacts in each of the affected communities. Why, because the breath of the analysis has been limited from the beginning when the STB pre-determined that the acquisition was a minor transaction and did not require a full blown Economic Impact Analysis. In my professional opinion, that is precisely why this process has been entirely flawed from the outset. You can not separate the economics of a transaction of this magnitude from the environmental impacts, and vice versa.

This being said let me now turn my attention to the direct economic impact that this acquisition and dramatic increase in proposed operations the Canadian National will have on Lake Zurich.

As I stated a moment ago, the EJ&E rail line divides Lake Zurich in half and the community is fully developed along both sides of the rail line. This includes adjoining residential, commercial, industrial, and institutional properties planned and developed on the basis that the EJ&E has historically been and is a local industry servicing single track short line operation, and not a rail superhighway the likes of which the CN is planning to operate. If approved by the STB, the acquisition will have devastating impacts on all properties located within 250 to 500 feet of the rail line. The devaluation of these properties, in a community that is fully developed, will have grave consequences for all the local taxing bodies. We will be forced to either reduce services and employees or increase the property tax burden, all for a private foreign company with no direct or indirect benefit for Lake Zurich. Simply put, this is not equitable for anyone.

As part of my presentation, I would like to enter into my testimony Exhibit 1 which was prepared by the Engineering Department of Lake Zurich. The aerial map depicted in the exhibit clearly identifies the impact zone referred to in the Draft Environmental Impact Statement. Altogether, there are 364 residential properties within 500 feet of the rail line depicted by the white dashed line, of which, 114 residential properties are located within

the Villages' Tax Increment Finance District as depicted in the map insert. For purposes of this analysis, I am not calling out the number of commercial and industrial properties, or the institutional properties owned by Community Unit School District #95.

The total fair market value of the affected residential properties is \$110,468,874 and the equalized assessed value for tax purposes is \$36,822,958. A detailed report of these figures was prepared by the Village Finance Department and is attached to my presentation as Exhibit 2.

Based on the DEIS, Table 4.6-3 – Property Value Effects from Increased Trains on a Nearby Existing Rail Line, we can fully expect to suffer significant negative adjustments to all property values within 500 feet of the rail line. In accordance with published documentation by the STB and data from other sources, the loss in taxable values can range from a low of 5% to as much as 15% depending on the proximity of the property to the rail line.

Using these percentages and applying them to the existing known property values in Exhibit 2, at 5%, the fair market value would be reduced to \$104,945,430, or a loss of \$5,523,444. The corresponding equalized value at 5% would be reduced to \$34,981,810, or a loss of \$1,841,148. This would result in a direct minimum loss of revenue to the taxing bodies of \$224,049. On the high side, at 15%, the fair market value would be reduced to \$93,898,543, or a loss of \$16,570,331. The corresponding equalized value at 15% would be reduced to \$31,299,514, or a loss of \$5,523,444. This would result in a direct loss of revenue to the taxing bodies of \$672,148 in today's dollars as the Village can not pass these costs onto other taxpayers in the community.

Who is going to replace these valuable and needed tax dollars? Will the Canadian National Railway Company or the US Government step up to the plate and make Lake Zurich whole? Highly unlikely! Let me assure you here today, the property owners and local taxpayers of Lake Zurich will not and can not afford to bear these losses at the expense of the Canadian National, the EJ&E, the Canadian Government, the US Government, or anyone else for that matter.

As for the total \$40 million suggested by the Canadian National as fair compensation to mitigate the impact of their operations, this figure is both ridiculous and offensive. If you turn your attention to Exhibit 1 you will see a total number of 6 at-grade crossings in Lake Zurich that will require grade separation. The DEIS specifically calls out that only 2 of the 6 should require grade separation; either over or under passes. At an average cost of \$35 million, the CN would need to invest anywhere from a minimum of \$70 million up to \$210 million.

You will also see the locations of all the adjoining residential areas and the Community Unit School District #95 property, all of which will require some form of noise barriers and vibration protection measures. These are shown as 8 white bars running parallel to the rail line. Add these costs to the grade separation costs just in Lake Zurich alone and there is no question in my mind or anyone else for that matter that the Canadian Nationals offer of \$40

million is nothing less than an insult to the intelligence of all those affected by these hearings and this entire process.

There is only one correct decision for the Surface Transportation Board, REJECT the acquisition now, or be held accountable and responsible for the worst transportation decision in the history of the United States. Thank you for your time and consideration.

Respectfully submitted this 26th day of August, 2008
Bogdan Vitas, Jr.
Village Administrator

Village of Lake Zurich
70 East Main Street
Lake Zurich, Illinois 60047
847-540-1683 or vitas@volz.org

Attachments: Exhibit 1 – Aerial Map of Lake Zurich
Exhibit 2 – Equalized Property Value of Affected Residential Areas (5pages)

Village of Lake Zurich
 Equalized Values of Property
 Adjacent to the Proposed CN Rail Line

250 Feet				500 Feet			
PIN	Address	Value		PIN	Address	Value	
		Equalized	Fair Market			Equalized	Fair Market
14-09-402-031	992 Cormar Dr	147,344	442,032	14-09-402-033	980 Cormar Dr	164,030	492,090
14-09-403-027	995	153,083	459,249	14-09-402-032	988	142,580	427,740
14-09-403-026	1001	156,966	470,898	14-09-403-025	1007	153,596	460,788
14-09-402-028	1002	155,070	465,210	14-09-403-024	1013	148,098	444,294
14-09-402-027	1010	169,896	509,688	14-09-403-023	1023	143,845	431,535
14-09-402-026	1016	157,455	472,365	14-09-402-024	1032	162,739	488,217
14-09-402-025	1024	162,715	488,145	14-09-403-022	1033	159,132	477,396
14-09-402-050	896 March St	111,057	333,171	14-09-402-023	1040	162,973	488,919
14-09-402-051	900	88,352	265,056	14-09-403-021	1041	151,359	454,077
14-09-402-052	902	104,766	314,298	14-09-402-022	1044	161,275	483,825
14-09-402-044	912	90,939	272,817	14-09-402-021	1050	153,824	461,472
14-09-402-043	914	90,251	270,753	14-09-402-020	1058	176,631	529,893
14-09-402-043	916	112,619	337,857	14-09-307-011	874 March St	89,505	268,515
14-09-402-040	920	112,619	337,857	14-09-307-014	880	100,889	302,667
14-09-402-047	922	110,505	331,515	14-09-307-015	882	89,505	268,515
14-09-402-048	924	88,545	265,635	14-09-307-016	884	112,044	336,132
				14-09-307-017	886	104,407	313,221
				14-09-306-031	889	107,859	323,577
				14-09-306-032	891	87,650	262,950
				14-09-402-035	892	112,772	338,316
				14-09-306-033	893	78,821	236,463
				14-09-402-049	894	88,079	264,237
				14-09-404-015	913	70,030	210,090
				14-09-404-016	915	77,972	233,916
				14-09-404-017	917	95,837	287,511
				14-09-404-018	919	84,879	254,637
				14-09-404-019	921	97,834	293,502
				14-09-404-020	923	96,343	289,029
				Duplicate	924	-	-
				14-09-402-041	926	89,934	269,802
				14-09-404-035	929	97,723	293,169
				14-09-404-036	931	97,711	293,133
				14-09-402-037	950	113,096	339,288
				14-09-402-038	952	114,896	344,688
				14-09-402-046	954	84,722	254,166
				14-09-402-045	956	92,020	276,060
				14-09-402-039	958	83,875	251,625
				14-09-402-053	966	110,210	330,630
				14-09-402-054	968	106,218	318,654
				14-09-402-055	970	92,620	277,860
				14-09-404-033	971	110,730	332,190
				14-09-402-056	972	111,967	335,901
				14-09-402-057	974	110,425	331,275
				14-09-403-015	994	144,260	432,780
				14-09-403-014	1006	144,806	434,418
				14-09-403-013	1014	145,519	436,557
				14-09-403-012	1022	163,169	489,507
				14-09-403-011	1030	153,532	460,596
		2,012,182	6,036,546			5,541,941	16,625,823

250 Feet				500 Feet			
PIN	Address	Value		PIN	Address	Value	
		Equalized	Fair Market			Equalized	Fair Market
14-17-403-013	108 East Main	110,476	331,428	14-20-100-070	241 East Main	608,566	1,825,698
14-17-403-007	108	16,511	49,533	14-20-100-024	245	672,204	2,016,612
14-17-403-008	108	17,012	51,036	14-20-104-034	42 Mionske	56,801	170,403
14-17-403-009	116	77,616	232,848	14-20-104-035	46	70,022	210,066
14-17-403-010	120	67,400	202,200	14-20-104-036	50	107,538	322,614
14-20-104-106	85 Park	80,349	241,047	14-20-104-056	53	125,372	376,116
14-20-206-011	90	76,266	228,798	14-20-104-057	59	74,710	224,130
	92		-	14-20-104-054	45 Lake	76,799	230,397
14-20-104-017	93	88,732	266,196	14-20-104-055	51	70,128	210,384
14-20-104-037	54 Mionske	98,919	296,757	14-20-103-017	60 Park	81,263	243,789
14-20-104-069	58	73,346	220,038	14-20-104-013	61	87,212	261,636
14-20-104-039	62	75,412	226,236		66		-
14-20-104-058	65	55,876	167,628	14-20-103-018	68	76,951	230,853
14-20-104-040	66	71,299	213,897	14-20-103-019	68	1,075	3,225
14-20-104-041	70	79,313	237,939	14-20-104-068	69	149,581	448,743
14-20-104-042	74	77,222	231,666	14-20-104-015	77	76,797	230,391
14-20-104-060	77	123,274	369,822	14-20-302-006	15 Maple	76,119	228,357
14-20-104-043	78	69,054	207,162	14-20-301-010	38	83,354	250,062
14-20-301-015	10 Elm	157,979	473,937	14-20-302-012	39	83,576	250,728
14-20-301-016	14	105,321	315,963	14-20-301-012	46	74,676	224,028
14-20-301-017	18	225,191	675,573	14-20-302-017	26 Pine	23,632	70,896
14-20-301-018	22	131,214	393,642	14-20-302-018	26	82,066	246,198
14-20-303-009	39 Pine	105,693	317,079	14-20-302-019	30	72,799	218,397
14-20-303-010	43	92,214	276,642	14-20-302-020	36	94,213	282,639
14-20-303-018	30 Terrace	1,226,221	3,678,663	14-20-302-021	42	66,660	199,980
14-20-303-019	34	111,656	334,968	14-20-303-014	10 Terrace	77,080	231,240
14-20-304-023	35	56,474	169,422	14-20-303-015	14	90,959	272,877
14-20-304-029	35	67,747	203,241	14-20-303-016	18	62,811	188,433
14-20-304-039	35	68,401	205,203	14-20-303-017	22	110,815	332,445
14-20-304-036	35	69,474	208,422	14-20-304-026	33	67,642	202,926
14-20-304-034	35	69,474	208,422	14-20-304-027	33	3,031	9,093
14-20-304-033	35	62,076	186,228	14-20-304-014	33	61,971	185,913
14-20-304-032	35	69,320	207,960	14-20-304-015	33	2,988	8,964
14-20-304-031	35	3,031	9,093	14-20-304-019	33	69,369	208,107
14-20-304-030	35	3,670	11,010	14-20-304-021	33	69,647	208,941
14-20-304-028	35	62,076	186,228	14-20-304-025	33	60,982	182,946
14-20-304-010	37	68,401	205,203	14-20-304-012	33	74,634	223,902
14-20-304-047	37	69,474	208,422	14-20-304-036	33	75,749	227,247
14-20-304-045	37	2,466	7,398	14-20-304-044	33	69,216	207,648
14-20-304-042	37	62,076	186,228				
14-20-304-046	37	69,320	207,960				
14-20-304-041	37	67,747	203,241				
14-20-304-009	37	67,816	203,448				
14-20-304-017	37	69,474	208,422				
14-20-304-048	37	60,520	181,560				
14-20-304-040	37	3,896	11,688				
14-20-303-020	38	115,723	347,169				
14-20-303-021	42	112,281	336,843				
		4,714,503	14,143,509			3,889,008	11,667,024

250 Feet				500 Feet			
PIN	Address	Value		PIN	Address	Value	
		Equalized	Fair Market			Equalized	Fair Market
14-30-204-018	558 Braemar	119,790	359,370	14-30-206-008	542 Braemar	136,201	408,603
14-30-204-017	562	179,724	539,172	14-30-208-001	549	126,241	378,723
14-30-204-016	568	146,460	439,380	14-30-204-020	550	135,075	405,225
14-30-204-021	574	143,384	430,152	14-30-204-019	554	134,287	402,861
14-30-204-022	580	136,172	408,516	14-30-208-002	555	137,280	411,840
14-30-204-023	586	137,309	411,927	14-30-208-003	563	150,417	451,251
14-30-204-024	592	139,993	419,979	14-30-208-004	579	120,549	361,647
14-30-204-025	596	151,522	454,566	14-30-208-005	585	137,496	412,488
14-30-204-026	602	121,518	364,554	14-30-208-006	591	137,096	411,288
14-30-204-027	606	144,044	432,132	14-30-208-007	597	141,734	425,202
14-30-204-028	612	143,361	430,083	14-30-208-009	609	133,666	400,998
14-30-204-029	616	137,588	412,764	14-30-208-010	613	148,376	445,128
14-30-204-030	620	137,971	413,913	14-30-208-011	627	138,038	414,114
14-30-204-031	624	145,411	436,233	14-30-204-032	630	126,489	379,467
14-30-204-010	1 Dunwick	134,672	404,016	14-30-208-012	635	135,286	405,858
14-30-204-011	3	139,306	417,918	14-30-204-015	2 Dunwick	135,375	406,125
14-30-204-014	4	133,346	400,038	14-30-205-013	1120 Berkshire	136,179	408,537
14-30-204-012	5	144,584	433,752	14-30-205-012	1128	141,780	425,340
14-30-204-013	6	149,825	449,475	14-30-205-011	1134	116,094	348,282
14-30-204-002	1133 Berkshire	133,649	400,947	14-30-206-002	1150	138,482	415,446
14-30-204-003	1137	137,480	412,440	14-30-206-003	1156	122,767	368,301
14-30-204-004	1141	137,519	412,557	14-30-206-004	1162	142,294	426,882
14-30-204-005	1145	131,214	393,642	14-30-206-005	1168	139,190	417,570
14-30-204-006	1149	148,465	445,395	14-30-206-006	1174	133,778	401,334
14-30-204-007	1153	137,622	412,866	14-30-206-007	1182	138,633	415,899
14-30-204-008	1157	137,815	413,445	14-30-208-013	1223	138,416	415,248
14-30-204-009	1161	127,791	383,373	14-30-208-014	1235	144,774	434,322
				14-30-208-015	1241	144,076	432,228
				14-30-208-016	1249	144,580	433,740
				14-30-208-017	1253	137,330	411,990
				14-30-208-018	1257	140,393	421,179
				14-30-208-019	1261	139,059	417,177
				14-30-208-020	1269	133,088	399,264
				14-30-204-033	1281	138,762	416,286
				14-30-204-035	1283	144,311	432,933
				14-30-204-036	1285	131,866	395,598
				14-30-204-037	1289	140,520	421,560
				14-30-204-038	1293	134,414	403,242
				14-30-204-039	1297	167,293	501,879
				14-30-205-002	1152 Donegal	145,943	437,829
				14-30-205-003	1158	137,902	413,706
				14-30-206-010	1159	123,676	371,028
				14-30-206-011	1163	132,167	396,501
				14-30-206-012	1167	138,785	416,355
				14-30-206-013	1171	133,384	400,152
				14-30-206-014	1179	148,988	446,964
		3,777,535	11,332,605			6,322,530	18,967,590

250 Feet				500 Feet			
PIN	Address	Value		PIN	Address	Value	
		Equalized	Fair Market			Equalized	Fair Market
14-20-307-057	200 Rosehall	72,142	216,426	14-20-307-007	180 Rosehall	93,886	281,658
14-20-307-058	200	77,016	231,048	14-20-307-066	182	91,261	273,783
14-20-307-040	210	75,963	227,889	14-20-307-065	184	92,139	276,417
14-20-307-039	210	72,498	217,494	14-20-307-064	186	91,261	273,783
14-20-307-041	210	71,895	215,685	14-20-307-063	188	90,028	270,084
14-20-307-047	210	71,286	213,858	14-20-307-062	190	106,123	318,369
14-20-307-038	210	71,286	213,858	14-20-309-047	191	99,788	299,364
14-20-307-048	210	71,912	215,736	14-20-309-046	193	92,428	277,284
14-20-307-042	210	72,794	218,382	14-20-309-045	195	90,885	272,655
14-20-307-046	210	75,963	227,889	14-20-309-044	197	89,439	268,317
14-20-307-045	210	72,794	218,382	14-20-309-043	199	103,254	309,762
14-20-307-044	210	71,286	213,858	14-20-307-061	200	75,963	227,889
14-20-307-043	210	75,339	226,017	14-20-307-059	200	71,895	215,685
14-20-307-049	210	75,316	225,948	14-20-307-060	200	71,912	215,736
14-20-307-035	240	71,286	213,858	14-20-307-055	200	75,985	227,955
14-20-307-028	240	73,797	221,391	14-20-307-056	200	71,286	213,858
14-20-307-029	240	70,111	210,333	14-20-307-054	200	72,142	216,426
14-20-307-030	240	72,142	216,426	14-20-307-053	200	71,286	213,858
14-20-307-031	240	75,339	226,017	14-20-307-052	200	75,963	227,889
14-20-307-032	240	71,895	215,685	14-20-307-051	200	71,912	215,736
14-20-307-034	240	74,444	223,332	14-20-307-050	200	71,895	215,685
14-20-307-036	240	72,568	217,704	14-20-309-038	205	104,920	314,760
14-20-307-037	240	75,316	225,948	14-20-309-039	207	92,892	278,676
14-20-307-033	240	72,142	216,426	14-20-309-040	209	92,013	276,039
14-20-307-026	240	71,895	215,685	14-20-309-041	211	92,892	278,676
14-20-307-027	240	70,468	211,404	14-20-309-042	213	104,564	313,692
14-20-110-037	250	75,339	226,017	14-20-309-037	219	106,851	320,553
14-20-110-032	250	71,286	213,858	14-20-309-036	221	92,139	276,417
14-20-110-033	250	71,912	215,736	14-20-309-035	223	83,672	251,016
14-20-110-034	250	75,963	227,889	14-20-309-034	225	94,551	283,653
14-20-110-036	250	72,142	216,426	14-20-309-033	227	108,295	324,885
14-20-110-038	250	71,895	215,685	14-20-309-032	233	105,507	316,521
14-20-110-039	250	73,857	221,571	14-20-309-031	235	95,884	287,652
14-20-110-040	250	77,667	233,001	14-20-309-030	237	92,590	277,770
14-20-110-041	250	71,895	215,685	14-20-309-029	239	94,551	283,653
14-20-110-042	250	73,631	220,893	14-20-309-028	241	105,298	315,894
14-20-110-043	250	77,667	233,001	14-20-110-025	260	74,692	224,076
14-20-110-035	250	71,286	213,858	14-20-110-028	260	75,316	225,948
14-20-110-054	880 June	74,941	224,823	14-20-110-031	260	77,667	233,001
14-20-110-051	880	73,436	220,308	14-20-110-030	260	73,180	219,540
14-20-110-052	880	76,632	229,896	14-20-110-029	260	71,286	213,858
14-20-110-044	880	72,538	217,614	14-20-110-026	260	71,497	214,491
14-20-110-048	880	72,776	218,328	14-20-110-024	260	72,142	216,426
14-20-110-050	880	72,538	217,614	14-20-110-023	260	71,895	215,685
14-20-110-049	880	76,000	228,000	14-20-110-022	260	75,316	225,948
14-20-110-047	880	71,532	214,596	14-20-110-021	260	72,142	216,426
14-20-110-053	880	74,238	222,714	14-20-110-020	260	71,895	215,685
14-20-110-055	880	75,323	225,969	14-20-110-027	260	72,142	216,426
14-20-110-045	880	74,280	222,840	14-20-110-017	870 June	71,286	213,858
14-20-110-046	880	76,632	229,896	14-20-110-018	870	72,568	217,704
				14-20-110-008	870	71,286	213,858
				14-20-110-016	870	75,963	227,889
				14-20-110-015	870	74,510	223,530
				14-20-110-014	870	71,895	215,685
				14-20-110-013	870	75,339	226,017
				14-20-110-012	870	72,142	216,426
				14-20-110-011	870	70,899	212,697
				14-20-110-019	870	77,016	231,048
				14-20-110-009	870	71,912	215,736
				14-20-110-010	870	77,667	233,001
				14-20-111-009	862 Savoy	136,848	410,544
				14-20-111-007	864	136,874	410,622
				14-20-111-002	870	123,770	371,310
				14-20-111-003	874	134,636	403,908
				268 Seaton			-

3,674,299

11,022,897

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5,531,131

16,593,393

250 Feet				500 Feet			
PIN	Address	Value		PIN	Address	Value	
		Equalized	Fair Market			Equalized	Fair Market
14-17-404-026	15 Carolyn	70,967	212,901		17 Cherokee	-	-
14-17-404-008	20	83,276	249,828		19 Mohawk Trail	-	-
14-17-404-004	21	63,825	191,475		21	-	-
14-17-404-005	27	148,736	446,208		23	-	-
14-17-404-006	28	161,413	484,239		200 Route 22	-	-
14-17-404-038	39	145,266	435,798		204	-	-
14-17-404-037	43	157,057	471,171		212	-	-
14-17-404-036	47	120,568	361,704		216	-	-
14-17-404-041	50	162,687	488,061		220	-	-
14-17-404-035	51	114,497	343,491		224	-	-
14-17-404-040	54	131,537	394,611			-	-
		1,359,829	4,079,487			-	-
				14-20-210-016	204 Dearborn	81,349	244,047
					218 Meadow	-	-
					209 Priarie	-	-
					126 Potawatami	-	-
					118	-	-
					118	-	-
					118	-	-
					118	-	-
		15,538,348	46,615,044			21,284,610	63,853,830