



October 15, 2015

Vicki Rutson
Director
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Surface Transportation Board
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Jay C. Johnson

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Re: Finance Docket 35952, Great Lakes Basin, L.L.C.—Authority to Construct and Operate a
Rail Line in Wisconsin, Illinois, and Indiana

Dear Vicki:

As we discussed during our meeting last month, I am providing you with additional information about the Great Lakes Basin Railroad Project that is being proposed by our client, Great Lakes Basin, L.L.C. This information should assist your office in starting the environmental review process for the project.

Please do not hesitate to call us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay C. Johnson".

Jay C. Johnson

cc: Phillis Johnson-Ball
Dave Navecky

Information Paper Great Lakes Basin Railroad Project

“Chicago has been made largely by the railroads, and its future prosperity is dependent upon them.”

—Daniel Burnham, *Plan of Chicago (1909)*, p. 61

I. Great Lakes Basin LLC Background and Project Overview

Formed in 2011 by Managing Partner Frank Patton, Great Lakes Basin L.L.C. (“Great Lakes Basin” or “GLB”) has spent the past several years becoming familiar with the freight rail marketplace, Chicago’s unique physical plant constraints, and future rail traffic projections. For GLB, understanding each of these factors revealed a unique opportunity to improve the operation of the Chicago railroad terminal by adding new capacity for through freight traffic.

As GLB started meeting with the six Class 1 railroads and regional lines serving the Chicago region, it found support for its plan to construct an independent rail line encircling the Chicago metropolitan area, providing these rail carriers with a more efficient option to route trains between combinations of main lines serving the city. As a result, GLB is proposing a new, approximately 265-mile rail line that offers the opportunity for 24 points of interchange with existing Class 1 railroads. This new line will allow freight traffic not destined for Chicago to bypass the existing congested terminal.

GLB’s proposed rail line would start in southern Wisconsin at a connection with the Wisconsin and Southern Railroad (WSOR) between Brodhead and Orfordville. From that point, the line would extend south around the west side of Rockford, Illinois, and then around Rochelle, Illinois, paralleling Interstate 39. North of Interstate 80, the railroad would turn east, passing Seneca, Illinois on the east, then south/southeast crossing Interstate 80, the Illinois River and Interstate 55. From there, the railroad would continue eastward into Indiana, going south of Lowell, northeast and north of Hebron, west of South Wanatah, and east of Valparaiso, ending near Michigan City, Indiana with a connection to CSX Transportation’s Grand Rapids Subdivision.

In developing the concept for its proposed rail line, GLB intended to lay out a route that provides optimal connections with the Class 1 and regional railroads serving Chicago, while avoiding major population centers. The result would be an all greenfield network with a clean sheet design tailored to 21st Century railroad operations. What is more, this greenfield approach will allow construction of the rail network before regional population growth causes land-use conflicts, and will enhance safety by maintaining distance between residential areas and railroad operations.

II. Project Purpose and Need

The Chicago rail terminal is the largest and most complex in the United States, and not just for carload traffic. In terms of sheer volume, Chicago would qualify as the third-largest container port in the world. The fundamental need for GLB's proposed rail line arises out of the limited capacity at this already-congested rail hub.

Chicago is the preferred interchange point for much of the freight traffic carried by the six Class 1 railroads serving the city, with about 500 freight trains operating in the area on an average weekday. A substantial fraction of that traffic—estimated at 15 to 25%—does not originate or terminate in Chicago. Today, that traffic has to fight its way through a crowded terminal area that also hosts about 700 Metra and Amtrak passenger trains every weekday. To make matters more difficult, Chicago's physical plant, although well-maintained, has not changed significantly in over a century.

The severe winters of 2012-13 and 2013-14 underscored how problematic the Chicago rail terminal can be. As weather delays grew, the terminal was quickly stretched beyond its capacity, creating severe delays for commodities moving through the terminal. And because Chicago is an important hub for all six Class 1 railroads, those delays reverberated throughout the entire North American rail network.

These are the issues that exist today. In the future, as business and population in the Chicago region expand, even more rail capacity will be needed. But because the present Chicago rail network is surrounded by urban and suburban development, it would be extraordinarily expensive—if not impossible—to add additional main track capacity to the current Chicago terminal. That is where GLB's proposed new rail line comes in.

The purpose of the GLB Railroad project is to construct and operate a safe, reliable, and entirely new freight rail bypass around Chicago that would link existing main lines entering the Chicago area, permit trains to bypass the congested terminal area, and add capacity to accommodate existing and reasonably anticipated future growth—all while avoiding major population centers along its route.

The proposed GLB rail line would provide additional capacity by giving the Class 1 railroads an alternate route for the 15-to-25% of current Chicago rail traffic that does not need to go into the terminal for sorting or delivery. By using the GLB route, many unit commodity trains and mixed carload and intermodal trains could avoid Chicago's congestion and transfer from railroad to railroad in eight hours or less under normal circumstances. The capacity relief resulting from the GLB project should allow the railroads to better handle their Chicago proper and suburban traffic, and make room for potential future growth within the existing terminal network. What is more, the increased capacity offered by the GLB rail line will enhance the effectiveness of other projects designed to improve traffic flow within the Chicago rail hub, including the Chicago Region Environmental and Transportation Efficiency Program (CREATE).

III. Project Description and Alternatives

The conceptual design for GLB Railroad was based in part on feedback from the Class 1 railroads that would be GLB's primary customers. This section describes the primary features of the proposed new line.

Capacity:

- The GLB project would be built on a 200-foot wide right of way along its 265 mile long corridor. The ROW would include a designated 50-foot utility corridor, along with access to points of interchange.
- It is anticipated that GLB would provide switching, servicing, and car and locomotive repair services to its railroad customers, as well as terminal services those customers may contract for.
- GLB plans to build a terminal for its rail operations between Manteno and Sollitt, Illinois, which is bordered by Canadian National on the west and the Union Pacific/CSX Villa Grove Subdivision on the east.
- Initially, most of the route would be configured with two main FRA Class 5 tracks permitting up to 70 mph operation with short stretches of 3 main tracks where capacity demand is higher.
- The two main tracks, with Centralized Traffic Control signals and Positive Train Control, would allow for unconstrained movements of up to 110 trains per day.

Velocity:

- Rail traffic moving between terminals and interchange points in Chicago can take up to 30 hours to transit through the Chicago terminal, whether moving as a unit train or a single carload.
- The GLB project is designed to reduce transit time to under 8 hours, depending on the specific interchange points and applicable speed restrictions on the train.
- To illustrate the potential benefits of improved velocity, consider that a typical unit train currently spends 15 days in a load/empty cycle, including 60 hours (2.5 days) of round-trip transit time going through Chicago. By utilizing the GLB route, transit time around Chicago would be reduced to 0.6 days. Over a one year period this velocity improvement would allow for 3 more load/empty cycles for each unit train.
- The same velocity improvements can be applied to intermodal and carload trains by building designated by-pass trains around Chicago from classification yards, block swapping yards, and intermodal terminals in North America. This would be accomplished with existing terminals and yard operations.
- If approximately 100 trains a day (out of the 500 freight trains operating in the Chicago area during a typical 24-hour period) utilize GLB's proposed rail line, the national freight velocity improvements would save hundreds of hours every day.

Reliability:

- To keep GLB's network fluid, the GLB route design would be based on:
 - ruling grades of 1% or less;
 - maximum degrees of curvature between 1 and 3 degrees, allowing trains to maintain higher speeds;

- 100 % flyovers at railroad crossings to avoid conflicts with trains on other lines; and
 - numerous grade separations at significant highway and road crossings.
- The design proposed by GLB would minimize the impact from heavy rains to reduce flooding potential and would manage snowfall impacts through snow fencing, barriers, switch heaters, plowing, and a winter operations management plan.

Revenue:

- GLB's competitive advantage would be created through increasing velocity, as stated above. By reducing transit time through the Chicago area by up to 72%, GLB would significantly improve the utilization of locomotives, cars, and crews, permitting more efficient freight movement.
- The reduced transit times created by the GLB rail line would:
 - create more revenue opportunities for the Class 1 railroads,
 - reduce fleet costs for shippers providing their own equipment, and
 - give shippers an incentive to move more product by rail through northern Illinois instead of utilizing trucks or alternate gateways.
- As mentioned above, 50 feet of the 200-foot GLB right of way would be reserved for possible use by utilities as a new right of way to serve potential future population growth of the region. This is another potential source of revenue for GLB.
- In the long term, the GLB rail line should facilitate economic growth throughout the region by offering new opportunities for development that could take advantage of the rail service provided by GLB.

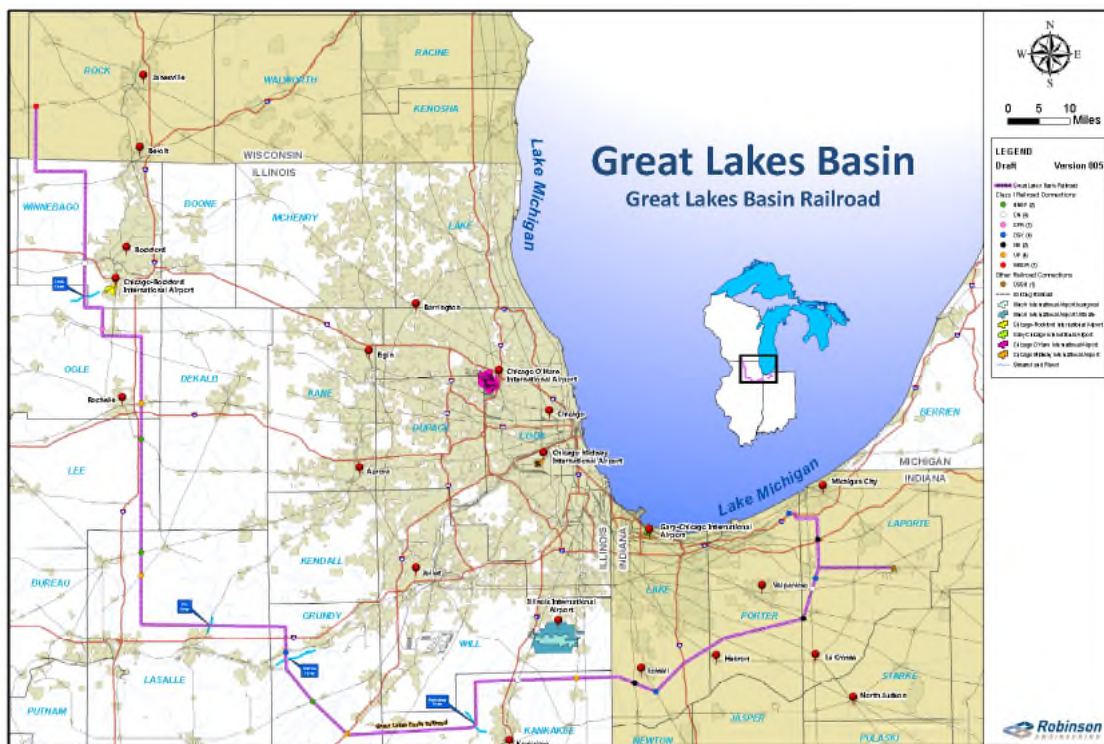
Safety:

- GLB would improve railroad safety by diverting traffic presently moving through the densely populated Chicago terminal area over a newly constructed greenfield route that avoids major population centers.
- The GLB rail line would be equipped with modern safety features like Centralized Traffic Control and Positive Train Control.
- The rail would be all new, manufactured with the latest rail casting methods to minimize defects, and equipped with electronic defect detectors to monitor trains as they traverse the network.
- Running repairs could be accomplished at the GLB Manteno shop facilities.
- GLB would train area first responders and contractors to handle rail incidents and provide them with appropriate shipment data and support.
- GLB also would work with Federal, state, and local security and police agencies to ensure shipment security.
- By eliminating at-grade railroad crossings, GLB would eliminate the risk of collisions at such crossings.
- By minimizing highway-railroad grade crossings, GLB would minimize both the potential for train-vehicle collisions and potential conflicts with the movement of public safety vehicles and school buses.
- The avoidance of major population centers would minimize potential exposure to spills, releases, and other risks from derailments, while also limiting air, noise, and vibration impacts on settled areas.

Environment:

- Increasing the velocity of rail shipments presently traversing the Chicago terminal will reduce the number of locomotives idling for hours at today's interchange points, creating environmental benefits.
- Alleviating train congestion in Chicago will also reduce commuter and passenger train conflicts that presently result in passenger delays, and cut idle time for vehicles at railroad-highway grade crossings.
- As indicated above, the GLB line will facilitate the movement of freight by train instead of truck, which generally would reduce the environmental effects of those freight movements.

The points of interchange between GLB and the Class 1 carriers would be designed to minimize the impact on other trains moving on the connecting railroads. At high volume interchange points, staging tracks would be built to accommodate unforeseen delays for maintenance, construction, and other interruptions in train movements, keeping GLB fluid.



The schematic map of the GLB network, shown above, depicts the network route and planned points of interchange with other railroads. GLB is working with the railroads to develop specific locations and track layouts for each interchange. In the meantime, GLB will provide examples of similar interchanges that can be used for purposes of estimating potential footprints and associated environmental effects.

GLB's clean sheet approach to its proposed route takes into account the location of towns, residential areas, greenfield territory, and the locations where interchanges with other railroads would make the most sense. As already discussed, the route is designed to avoid major population centers.

The GLB route shown above would also involve four significant river crossings, all in the State of Illinois: Rock River in Ogle County; Fox River in LaSalle County; Illinois River in Grundy County; and Kankakee River in Kankakee County. The precise design of these bridges will depend on several factors, including environmental conditions. GLB will provide examples of similar bridges for use in the initial stages of the environmental review process.

The capacity required at each interchange would be determined by the connecting Class 1 railroad's existing train volumes, traffic flows between various origin-destination pairs, and service commitments to customers. As decisions are made to flow traffic over the GLB network, GLB will take into account services required en route, schedules, commitments to the receiving interchange carrier, and how that carrier will receive the trains.

Between the points of interchange, the GLB Railroad route will be influenced by the geography, cities and towns, residential areas, rivers, creeks, wetlands, and other environmental features along the proposed route. GLB anticipates that comments collected during the scoping process required under the National Environmental Policy Act (NEPA) will help identify places where its proposed route can be adjusted to account for these factors, and where it would be valuable to study the potential environmental effects of alternative alignments.

IV. Required Federal Permits and Approvals

In addition to Surface Transportation Board authority to construct and operate a new rail line, GLB currently anticipates it may be required to obtain the following federal approvals for the GLB project: permits under section 404 of the Clean Water Act and section 10 of the Rivers and Harbors Act from the U.S. Army Corps of Engineers; and bridge permits under Section 9 of the Rivers and Harbors Act of 1899 and the General Bridge Act of 1946 from the U.S. Coast Guard.

GLB will also work with the appropriate Wisconsin, Illinois, and Indiana state and local agencies, counties, municipalities, and other units of local government to inform them about the proposed new rail line and coordinate applicable regulatory processes.