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EJ&E SALE WOULD GENERATE \$60 MILLION INCREASE IN CHICAGO REGION'S GROSS REGIONAL PRODUCT

NEARLY 650 NEW JOBS AND TRAFFIC CONGESTION RELIEF

CHICAGO – The Canadian National Railway's plan to divert freight trains to a suburban rail line would ease the freight traffic gridlock in northeastern Illinois and spur a growth of \$267 million in the nation's Gross Domestic Product, including more than \$60 million in the Chicago region's Gross Regional Product.

A study released by Chicago Metropolis 2020 on Wednesday projected the pending purchase of the EJ&E Railway by the CN would create 649 net new jobs in the region with total new annual salaries of \$39 million and a growth in annual sales in the region of more than \$160 million.

Chicago Metropolis 2020, a business-based civic organization, commissioned the independent economic benefits study of the EJ&E transfer, which awaits a decision by the Surface Transportation Board. The study was conducted by the Economic Development Research Group, a Boston consulting firm using state-of-the-art tools to evaluate the economic impact of infrastructure projects, and Carl Martland, a freight consultant and senior research associate at Massachusetts Institute of Technology.

The complete study is available at www.chicagometropolis2020.org.

"Some 2,800 miles of railroad track crisscross our Chicago region, and changing how those rails are used can lead to efficiencies with widespread benefits to our region's economy," said George A. Ranney, President and CEO of Chicago Metropolis 2020. "The sale of the EJ&E and new investments in rail improvements will be advantageous to the entire region and can reinforce this region's dominant role as a freight transportation center – one that doesn't have to be a bottleneck but can again be a job-creation engine for our economy.

"Buying the EJ&E is a business decision by the CN Railway to save many millions of dollars in labor and equipment costs that mount when freight trains move at a snail's pace, but our region profits, too," Ranney said. "This will increase the use of rail freight, take more trucks off our crowded highways, free up other rail lines for increased commuter travel, create jobs and increase the GRP.

"The Chicago region is an important hub where cross country trains divide, merge and move on," Ranney said. "Speeding rail traffic will reduce the cost of operating businesses, lower the cost of goods to consumers, and relieve congestion on our highways. We believed the CN plan to purchase the EJ&E would produce those kinds of benefits, and this thorough examination by outside experts explains how important it is for our region's economy.

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“These are conservative estimates, and the ultimate economic benefits could be even greater,” Ranney said. “For example, it is estimated that CN would spend at least \$60 million to mitigate detrimental impacts of increased traffic on the EJ&E. If that money is spent effectively, net delays at grade crossings would be reduced or eliminated, and that would bring more improvements to the region’s economy.”

The findings in the study include:

- All of the annual economic benefits (minus the economic costs) have multiplier effects on the local economy and generate an increase in the standard measure of the region’s Gross Regional Product of \$60.1 million per year. The increase in GRP does not include any additional economic benefit that might result from the CN’s representation that it will spend \$100 million to improve the lines and yards it will acquire. Further, it does not include the economic benefit of the \$60 million CN has indicated it would spend on mitigation measures.
- Reduced wait time for all the freight rail traffic in the region would result in an annual cost benefit, or gain, of \$49 million to the railroads and customers. Shifting some truck traffic to rail would produce an annual benefit of \$17 million.
- Switching CN trains to EJ&E rails would free up other rails that Metra could use to add service on its North Central line between Lake County and Union Station. The subsequent reduction in auto traffic would provide a net benefit of \$18.4 million annually to the region’s economy as a result of less congestion, safer roads, reduced pollution and other factors.
- Delays for motorists at grade crossings would increase by 107 hours per day for the entire region, which is less than 1 percent of the current total delay, and that translates to a net cost of nearly \$782,000 to the economy. However, the loss would be offset by improved safety at crossings.
- Eliminating the traffic bottleneck in the Chicago region’s rail yards would benefit the national economy, and the \$1.5 billion CREATE rail infrastructure improvement program, which relies in part on federal funding, should continue to be pursued.

Chicago Metropolis 2020 recommends the establishment of a freight authority, which could be an effective advocate for improvements in the system and advance policies to strengthen the region’s position as a freight center that is essential to the national freight system.

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About Chicago Metropolis 2020

Chicago Metropolis 2020 is a nonprofit civic organization created in 1999 by The Commercial Club of Chicago to promote long-term planning, better regional cooperation, and smart investments in the Chicago region and its people.

On the Web: <http://www.chicagometropolis2020.org>