

Rail Funds Give Chicago Hub a Lift

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By CHRISTOPHER CONKEY and ALEX ROTH

CHICAGO -- A long-delayed plan to reduce congestion in the nation's busiest freight rail hub has won \$322 million in funding from Illinois, a big victory for railroads that improves the odds the state will win federal stimulus grants to expand passenger rail service.



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Chicago has one of the busiest rail systems in the nation. Above, Belt Railway Co. of Chicago's rail yard.

The project, called Create, was launched in 2003 to untangle a system with dozens of rail yards and hundreds of intersecting lines that bog down rail and vehicle traffic, wasting fuel and driving up costs for shippers. The plan is emblematic of the sort of big infrastructure improvement project the Obama administration has said it wants to advance with stimulus money.

But the Chicago overhaul has been hamstrung by a lack of funding. As a senator from Illinois in 2006, President Barack Obama urged his colleagues to provide more money for the plan.

Rail congestion in Chicago is so bad that some freight is taken off trains at one side of the city, driven across town on trucks and placed back on another train. Paul Nowicki, assistant vice president at Burlington Northern Santa Fe Corp., said that is particularly true for perishable goods transiting Chicago via Western states.

"If you're going to hold a train outside Chicago for 12 hours, that cuts down the shelf life," he said "Meanwhile, a truck is coming through Chicago at noon at 60 miles per hour."

The situation has improved only marginally since Canadian National Railway Co.'s recent purchase of the Elgin, Joliet and Eastern Railway, a suburban Chicago line that allows CN to route some of its freight around the city.

On Tuesday, CSX Corp. Chief Executive Michael Ward said he has also seen a marginal reduction in congestion thanks to the few Create projects that have already been finished. Hugh Kiley, assistant vice president at Norfolk Southern Corp., said the Create program, when finished, is expected to result in an increase in Norfolk's average Chicago train speed.

Illinois Gov. Pat Quinn's decision to sign a bill providing new money for the Chicago rail overhaul means that \$322 million from the state will be pooled with roughly \$200 million provided by railroads and the federal government to fund a series of projects, including modern signal technology, new underpasses and "flyovers" that will carry fast-moving passenger trains up and over lines used by lumbering freight trains.

The funding will allow several key projects to move forward, but railroad and government officials will need to come up with at least an additional \$1 billion to finish all 78 projects envisioned.

The Transportation Department, led by former Illinois congressman Ray LaHood, is taking applications for a \$1.5 billion stimulus program that will award grants for infrastructure projects of regional and national significance. The Federal Railroad Administration, headed by Joseph Szabo, a former labor leader from Illinois, will dole out more than \$8 billion in grants for high-speed rail projects in the years ahead. The Chicago plan ties into both priorities, and it may have a leg up thanks to the financial backing shown by Illinois and the railroads.

"We'll be very disappointed if we don't get something, given the fact that we've got \$700 million of projects ready to go," said Edward Hamberger, president of the Association of American Railroads.

Separately, Rep. Daniel Lipinski (D., Ill.) is seeking to earmark about \$700 million for the Create project in a major transportation spending bill being crafted by House lawmakers.