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Untangling the Chicago Knot

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An ambitious CREATE plan could help speed freight movement across North America, but it has to get off the ground first

A computer model in Chicago displays the city's rail network, using different colors for different kinds of trains. During the day, main routes are almost solid yellow, signifying commuter trains. Not until early evening do the dominant colors shift to blue, black and brown, indicating freight traffic.

The color-coded model, developed for the Chicago Transportation Coordination Office, illustrates a problem shippers fight daily at the nation's busiest rail hub, a meeting point for all of North America's large railroads and much of the commerce moving across the continent. "We're holding the nation's freight hostage while we shuttle commuters back and forth," said Paul Nowicki, assistant vice president at BNSF Railway.

Chicago is the U.S. rail system's linchpin and largest bottleneck. Six Class 1 railroads send nearly 500 freight trains hauling 37,500 railcars each day to the city, where they jostle for space with more than 800 passenger trains and cross paths with street traffic and each other. Trains that may take two days to reach the city from West Coast ports and intermodal centers can take two days to move across town.

The solution aimed at cutting this Gordian Knot is as outsized and ambitious as anything in Chicago: a complicated network of 78 infrastructure projects, including 25 rail-highway grade separations, six new "flyovers" and a series of other signaling and track improvements known altogether as the Chicago Region Environmental and Transportation Efficiency project.

A decade after the public-private partnership CREATE was first proposed, a broad series of events — including attempts to stimulate the battered U.S. economy, the pressing need for freight infrastructure improvement, an impending new spending plan for transportation and no small amount of national politics (this is Chicago, after all) — appear to put the program at the center of the debate over the direction of transportation in the United States.

Like the containers and cargo that fan out on trains and trucks from Chicago, the impact of the project's success or failure will reach from Canada's west coast ports to the distribution centers along the South Atlantic coast.

Virtually everyone agrees CREATE has national importance — one-third of U.S. rail freight goes to or through Chicago — and supporters say it's an important test of national attention to goods movement after Congress largely punted on freight issues in the earmark-laden highway bill called SAFETEA-LU in 2005. "Wouldn't we be a lot better off if we had a federal program that addressed these needs, paid for them and solved the problem so that our cost of goods is not being impacted by these chokepoints and bottlenecks?" said Leslie Blakey, executive director of the Coalition for America's Gateways and Trade Corridors.

But the CREATE program also sits along the fault lines that run deep across the transportation industry. It's a symbol, some argue, of the railroad industry's growing boldness in reaching for money paid into the Highway Trust Fund by the users of roads, not rails.

"The whole idea of a highway system as a user-financed system gets turned on its head," said Timothy Lynch, a senior vice president at the American Trucking Associations. "We shouldn't be fighting over that pot of money because they don't pay into that pot of money. There's no rail tax that goes into the Highway Trust Fund, so there shouldn't be a fight about money. We've been fairly open about our willingness to paying additional tax to support the program, but we want to make sure that those revenues are going to addressing highway freight bottlenecks."

CREATE's backers hoped to get off to a fast start with $900 million from the 2005 highway bill. But congressional maneuvering reduced the funding to $100 million, a sum later trimmed to $86 million in the budgeting process.

The reduced funding was a disappointment, as was Illinois lawmakers' failure to pass an omnibus capital-spending bill that would have provided an additional $100 million.

However, the $86 million federal down payment and $100 million ponied up by railroads was enough to launch the program.
"If we'd gotten a whole lot more, I'm not sure we could have spent it," Nowicki said. "None of us close to the project believed this was all going to get funded at once. There's no precedent for federal funding of a project of this scale in one fell swoop."

Prospects for the next round of funding appear far brighter, however.

The new Obama administration has strong Chicago connections, of course, and the economic stimulus program has boosted government investment in transportation infrastructure. High-speed rail is a pet project for some in the Obama administration, including White House Chief of Staff Rahm Emanuel — he is from Chicago, too — and CREATE could tie into that effort.

"If there ever was a poster child for stimulus money, this has to be it," said Greg Garrison, a Union Pacific general superintendent and co-chairman of the Chicago Planning Group, which railroads use to share information about operations in the city.

But the program also will need far more money now than it did when it was announced. CREATE was billed as a $1.5 billion project during the last round of federal funding. That's still the official number, but rising construction and materials costs likely put the price tag far higher, probably closer to $2.5 billion.

CREATE backers are seeking funds under two sections of the recently enacted federal stimulus package.

City and state officials are working with railroads on a request for the maximum $300 million a state can receive from the stimulus program's $1.5 billion in discretionary spending for infrastructure. They also hope for some of the $8 billion set aside for high-speed rail corridors, three of which terminate in Chicago.

They're also formulating a request for money from the federal surface transportation bill that will replace SAFETEA-LU, which expires in September. "We're cautiously optimistic that we'll get more than we got the first time," said George Weber, railroads bureau chief at the Illinois Department of Transportation.

Several of CREATE's first-phase projects have been completed. Garrison said the program will have spent or obligated all of its SAFETEA-LU funding by the time the federal authorization expires in September. "We're one of the few programs that can say that," he said.

Early spending has focused on projects that could show quick results. One example is the $9.5 million automation of a rail intersection at Brighton Park on Chicago's Southwest side. Previously, freight and passenger trains had to stop and wait for a "go" signal from a manually operated traffic light.

"In the initial phase, we wanted more than studies," Nowicki said. "We wanted to show results, not only to move the trains faster but to prove we were responsible stewards of public money, and that we could manage this huge, complex project.

"We selected projects that were buildable and that offered the best return on our investment. We didn't want to have to go through lengthy land-acquisition procedures that could really slow you down. And given the amount of money we had, we couldn't do a flyover, for example, because that would have taken all of our money."

CREATE's completion is at least several years away. "If all of the funding were to miraculously show up on our doorstep tomorrow, we're still probably looking at 2015, especially some of the big rail-to-rail flyovers," Garrison said.

Larry Wilson, rail planning section chief at the Illinois DOT, said a more realistic completion date probably is 2021, assuming the project is adequately funded in the next two federal surface transportation bills.

Some railroads haven't shown much patience for those timetables.

Canadian National found its own way around the Chicago problem by acquiring Elgin, Joliet & Eastern Railway, which loops around the city, to provide an improved connection between CN's east-west and north-south routes. CN remains a CREATE participant but not a funding member. But for railroads, simply avoiding the bottleneck isn't likely, even as carriers look for alternatives. "If you run your train into Chicago, you have interchange options that you don't have anywhere else. That's why Chicago is what it is," said Tom Finkbiner, senior chairman of the Intermodal Transportation Institute at Denver University.

CREATE is often compared to another public-private partnership, the $2.2 billion Alameda Corridor, linking the Los Angeles and Long Beach ports with BNSF Railway and Union Pacific Railroad. But Nowicki notes the Alameda Corridor "was one project, limited in scope and number of railroads."

Nowicki traces CREATE's origins to March 17, 1999. On that day, while the Chicago River was being dyed green and St. Patrick's Day revelers were whooping it up in the Loop, rail shippers gathered at a hotel in suburban Rosemont to vent their anger.

They were there for a hearing the Surface Transportation Board had called after winter storms triggered severe rail service problems across the Midwest. Everyone agreed something had to be done to break the logjam in Chicago.

The 1999 fiasco led the railroads' chief operating officers to form the Chicago Planning Group, with the goal of identifying and eliminating bottlenecks. The railroads later formed the Chicago Transportation Coordination Office, made up of supervisors from each line.

"Before we started asking for iron in the ground, we started looking at our operating processes and how we communicated with one another," Garrison said. "Finally, we reached a point where everyone recognized that iron in the ground was needed to take us to the next step."

That required cooperation by competing railroads and their passenger counterparts. Rail officials said the main reason the Chicago bottleneck persisted was no railroad could independently make an investment that would change the system enough to produce a decent return.

"CREATE was the first time we pulled together to see where the benefit was," Garrison said. "We still have our competitive issues that crop up from time to time, but until the Chicago Planning Office and the CTCO have given us the ability to work through those competitive issues."

Every project required railroads' unanimity and city and state participation. Finkbiner said having such a crowd at the table added complications. "This is one of those cases where too many cooks spoil the broth," he said.

CREATE is headed by a three-member board comprising the heads of the Association of American Railroads and the Illinois and Chicago transportation departments, but the heavy lifting on operations and infrastructure projects is done by committees.

Jim LaBelle, vice president of Chicago Metropolis 2020, a business group, said the parties work effectively on operations. But he said a simpler, more structured organization — perhaps a public authority such as the Alameda Corridor's — might help CREATE attract more public investment.

"The challenge here is we don't have an organization that is completely responsible for freight in the Chicago area and that can make sure that the needed improvements happen," LaBelle said. "What we have here is a collaboration, where the railroads and state and city came together voluntarily and agreed on a program. That's important, but imagine trying to run an organization with any speed when it's all done by committee, without anybody really in charge."

So far, CREATE hasn't encountered community opposition such as what CN faced from suburban communities in its acquisition of the EJ&E. Finkbiner said that could change as projects become more complex and require land that railroads don't already own.

LaBelle said any problems would reverberate across the freight world. "The rail movements here are national," he said. "Time is money, and the delays here are a hidden tax on all consumers. If you can reduce those delays, you provide real economic benefit."

Contact Joseph Bonney at jbonney@joc.com.