(Index 1981 = 100)

Source: AAR

Staggers Act Passed Oct. 1980

Revenue

Volume

Productivity

Price

'64 '66 '68 '70 '72 '74 '76 '78 '80 '82 '84 '86 '88 '90 '92 '94 '96 '98 '00 '02

Source: AAR
Railroad Cost of Capital vs. Return on Investment

Source: Surface Transportation Board
Railroading is America’s Most Capital-Intensive Industry

Capital Expenditures as a % of Revenue*

*2000, U.S. Bureau of the Census
Rail Industry Investments

- Right of way: 75%
- Buildings, Information Systems, etc.: 5%
- Freight Cars: 9%
- Locomotives: 11%

Source: Transmatch Consulting
Chicago is North America’s Rail Hub

BNSF
UP
CP
CN
CSX
NS
Chicago’s Rail Operations and Infrastructure are Complex

- 1,200 daily trains
- 12 commuter rail routes
- 18 intermodal hubs
- 70 yards and terminals
- 2,800 track miles (excluding yards)
- 900 highway-rail grade crossings
- 132 rail-rail grade crossings
“It’s easy to get the players.
Gettin’em to play together, that’s the hard part”

Casey Stengel
CREATE Program

- Focuses operation on 5 key corridors
- Builds 6 passenger/freight rail flyovers
- Builds 25 road/rail separations
- Viaduct improvement program
- Grade crossing safety enhancements
- Improves train control system
- Automation of 14 interlockings
- 50 miles of new track on existing right-of-way
- 364 new switches
New or Improved Connection Locations
Rail over Rail Grade Separations

- Brighton Park
- CP Canal
- Englewood
- Chicago Ridge
- 74th Street
- 75th Street
Metra 74th Street Flyover NS and BRC
Grade Separations Projects

6 Chicago Emergency Crossings
**Beltway Corridor Projects**

- 81% improvement in corridor fluidity
- Improved flexibility for Chicago rail network
EAST-WEST CORRIDOR PROJECTS

- Fully separates motorist from trains
- Eliminates the largest freight/passenger congestion point
WESTERN AVENUE CORRIDOR PROJECTS

- Provides solution to one of the most congested corridors
- Connects major intermodal hubs
CENTRAL CORRIDOR PROJECTS

- New portions of the route will be totally grade separated
- Currently unused R-O-W and viaducts will be improved
- Allows St. Charles Airline to be replaced
Preserves “footprint” for Midwest High Speed Rail

Route nearly 100% freight - passenger separated (Ashburn)

Southwest Service shifts from Union Station to LaSalle St Station

Direct Route into Union Station for Amtrak trains through Champaign

Passenger Express Corridor
“D’yer ever feel you’re on the verge of an incredible breakthrough?”
Chicago Simulation Project

- A Computer Simulation of the Chicago Switching District, Excluding the EJ&E, but Including:
  - 893 Miles of Mainline Track
  - 119 Interlocking Plants
  - 1,800+ Total Freight Trains
  - 1,114 Passenger Trains
  - 61 Freight Yards
  - 4,698 Control Points
“In 1909, architect Daniel Burnham proposed a single union station (as part of a grand Plan of Chicago) that would consolidate all the railroads into one terminal and make the city a more livable place. It was expensive, controversial, and required the agreement of every railroad — and therefore was not adopted.”

*Trains Magazine*
Estimated Regional Public Benefits $3.9 Billion

- Air quality improvements $1,120 MM
- Reduced motorist delays at grade crossings 202 MM
- Rail commuter’s time saved 190 MM
- Highway accidents avoided 94 MM
- Highway construction avoided 77 MM
- Grade crossing accidents avoided 32 MM
- Construction (wages, materials, etc.) 2,194 MM

$3,909 MM
Estimated Project Cost $1.5 Billion

- $406.3 MM  Railroad projects
- $397.6 MM  Highway/Rail Grade Separations
- $356.0 MM  Rail/Rail Grade Separations
- $ 60.0 MM  Viaduct Improvements & Safety
- $ 40.0 MM  Technology
- $ 23.7 MM  Property, Relocation
  Environmental Mitigation
- $250.0 MM  Contingencies & Inflation
Proposed Sources of Funds

- $212 MM Freight Railroads
- $ 20 MM Metra
- Federal: Surface Transportation Funding Reauthorization
- State: “Opportunity Returns” Program

Philosophy:
- Private capital commensurate with private benefits
- Public capital commensurate with public benefits
Next Steps

• Generate support at local, state, and national levels
• Begin engineering 2003
• Refine funding strategies
• Start construction 2005?
• Ten-year build-out
• Requires unprecedented cooperation between railroads, and among local, state and federal government agencies
“Only the government has the cash to pay for the new infrastructure the railroads sorely need. But how to move that cash from the government to the railroad, without having it shoot through to stockholders’ pockets on the one hand and without railroads giving away control of their companies to the government on the other, already flummoxes the planners.”

Mark W. Hemphill
Trains
February 2004