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Freight Committee Meeting Minutes

December 1, 2011

Offices of the Chicago Metropolitan Agency for Planning (CMAP)
DuPage County Conference Room
233 S. Wacker Drive, Suite 800, Chicago, Illinois

Committee Members: George Billows – Illinois Trucking Association (Chairman), Wes Lujan – Union Pacific Railroad, Joe Alonzo – City of Chicago, David Chandler – CNT, Gregory Dreyer – Illinois Tollway, Reggie Greenwood – SSMMA, Pat Killinger – Will County Highway Department, Jim LaBelle – Chicago Metropolis 2020, Steve Lazzara – Will County Land Use Dept., Dean Mentjes – FHWA, Floyd Miras – USDOT Maritime Admin, Libby Ogard – Prime Focus, Laurence Rohter – IIT, Larry Wilson – IDOT

Absent: Chalen Daigle – McHenry County Council of Mayors, David Grewe – CTCO, Jeff Harris - NS/CTCO, Rob Hoffman – IIT, Lee Hutchins – AECOM, Kazuya Kawamura – UIC, Earl Wacker – Consultant

Staff Present: Brett Baden, Tom Murtha, Brian Rademacher, Dan Rice

Others Present: Andreas Aeppli – Cambridge Systematics, Bernardo Bustamante – FHWA, Rob Cole – Village of Oak Park, Nora Curry – City of Chicago Department of Community Development, Danielle Dai – Greater Southwest Development Corp., Chris DiPalma – FHWA, Linda Goodman – Goodman Williams Group, Jeremy Grey – Centerpoint Properties, Luann Hamilton – CDOT, Bob Heuer – consultant, Bernard Jennings – Lawndale Business and Local Development Corp., Catherine Kannenberg - Metra, Jim Messmore – Hanson, Marty Mueller – Knight E/A, Brandon Rivenburg – Cambridge Systematics, Jason Saavedra – UIC, Sarah Sherburn – UIC, DeAnna Smith – IDOT, Jeff Sriver – CDOT, Randy Thomas – Illinois Trucking Association, Nick Vlahos – Cambridge Systematics, Joe Waldo – IHS Global Insight

1.0 Call to Order

Chairman George Billows called the meeting to order at 10:10 a.m.

2.0 Introductions

Committee members and other attendees introduced themselves.

3.0 Agenda Changes and Announcements

None

4.0 Approval of Minutes – October

The minutes for October were approved.

5.0 Chicago Rail Economic Opportunities Plan

Mr. Joe Alonzo introduced the Chicago Rail Economic Opportunities Plan (CREOP). Mr. Alonzo explained that CREOP is an intensive, multi-party effort to preserve and establish rail-related land use in designated areas. Mr. Alonzo explained that consultants from IHS Global Insight and Cambridge Systematics participated in the project, along with two other firms. Mr. Alonzo introduced Mr. Joe Waldo, of IHS Global Insight.

Mr. Waldo began by noting that he had a railroad background (with Conrail), and was very familiar with Chicago's main Midwestern freight-hub competitors, Memphis and Kansas City. He noted that Chicago's national rail system access was superior to these areas. He suggested that Chicago could take advantage of such access. Nationally, US economic growth is strongly tied to carload and intermodal volume growth. Given Chicago's freight access and infrastructure, the Chicago Department of Transportation was interested in how this could be used to give "an edge" to the City's economy. The CREOP project was predicated on the City of Chicago being able to leverage rail siding access as a driver of economic development.

Mr. Waldo also pointed out why this project was timely. He stated that properties with rail access were under pressure for redevelopment (residential, retail, etc.), and that many such properties were being lost on a national basis. If Chicago lost its properties with rail access, the city might lose its "unique economic development advantage." He went on to state that carload rail access is particularly important, as trucking faces additional cost pressures.

Mr. Waldo stated that the project involved several tasks, including identifying appropriate industries, identifying potential properties, selecting properties for additional analysis, and developing strategies and recommendations for the selected properties. Mr. Lazzara asked whether the study was regionwide or focused on the City of Chicago. Mr. Waldo answered that the project was focused on the City. Mr. Murtha added that some of the analyses (e.g., the industrial analysis) could be now used anywhere in the region, and the specific methods for other task elements could also be applied elsewhere. Mr. Lujan said that the analysis was useful because Chicago has more rail interchanges than other hubs (like Memphis), extending our regional markets nationwide, though the system here is more congested than other areas. Mr. Waldo noted that, with higher transportation costs, some industries are willing to trade an extra day of shipping time for lower shipping costs.

Mr. Waldo explained that the first task of the project was to identify industries that use rail and are projected to grow in Chicago. Two major industry groups showed such potential: warehousing and primary manufacturing. Among manufacturing industries, food, chemicals, fabricated metal, transportation components, and electronics showed the greatest potential. Mr. Waldo reviewed several charts demonstrating substantial expected growth in these sectors out to year 2027.

Mr. Waldo went on to explain that the second task was to examine industrial corridors to identify the most suitable corridors. This analysis included suitability for carload service, overlap with CREATE projects, and a survey of rail infrastructure. Of twenty-four industrial corridors, fifteen were identified as suitable using this approach. Of the fifteen suitable corridors, five were selected by the City of Chicago for additional analysis:

- Calumet;
- Greater Southwest;

- Stevenson;
- Stockyards;
- Western/Ogden

Mr. Waldo continued with the third task, which was to identify five specific sites as most suitable for rail-based industries. Within the five suitable corridors, twenty one sites were evaluated to determine rail service or potential rail service, proximity to a rail line, and the willingness and ability to provide local switching service to the property. Five specific sites were selected from among the twenty-one evaluated:

- Ryerson (16th/Rockwell).
- 4400 W 48th St
- 4055 S Packers Ave
- Gateway Park Phase II (West Columbus Ave at 77th Street)
- Iroquois Landing (mouth of Calumet River)

Discussion took place regarding these sites. In response to a question, Mr. Waldo noted that there would be challenges regarding the siding at the Ryerson site. He stated that CSX was willing to accommodate a siding, but there was no resolution to the question of who would pay for such a siding. This issue is now more substantial than in the past, because of the new positive train control (PTC) regulations having driven up the cost for such improvements (to approximately \$330K for each switch), becoming a barrier for small shippers. For the South Packers Avenue site, how access would be provided was unclear. For Gateway, remediation of previous environmental contamination was a big issue. For the Iroquois Landing site, CN service improvements were doubtful. Mr. Murtha asked if a redevelopment project at Iroquois Landing would be better served by a short line or regional railroad, rather than the CN. Mr. Waldo responded that switching rights are important, but that only the CN can serve this site at this time. A short line option has potential, but getting Class I railroad attention is challenging for any service scenario. For the site on W 48th, the site is not in the NS industrial property database, as it may not fit the railroad's mold; a developer may need to reconfigure the site to get the attention of the railroad.

Mr. Waldo then reviewed the fourth task, a determination of industry needs, potential incentives, and economic efficiency for five recommended locations. Like many sites in the region, these sites presented a variety of development challenges, including among others, needed infrastructure and access improvements, environmental issues, demolition, rail partner issues. Rail partner issues included the fallout from the positive train control legislation adding to the cost of additional sidings. Detailed issues with each site were reviewed.

A key theme for each site was to work with the railroad toward redevelopment and access. Other big issues affecting one or more sites included lack of rail carrier attention to the sites; need for a rail site plan; necessary physical improvements; current site configurations; and coordination between site owners and public agencies.

CREOP recommendations were divided among three themes: identification of locations suitable for carload services; a summary of site-specific recommendations; and general, long-term recommendations for encouraging rail-based economic development in Chicago. First, CREOP recommendations for determining industrial site suitability for carload service included the following considerations: presence of a rail siding (an existing modern siding will reduce

development costs); traffic volumes along the serving line (volumes that are too high will raise costs); expected volumes of the new industry (high volumes will require more track); sufficient yard capacity for local trains; proximity and access to interstate highways; and the rail line (small railroads have a reputation for being more responsive).

Second, CREOP site-specific recommendations include a focus on business retention and expansion; promoting greater communication with railroad industrial development departments; greater understanding of rail-based industries; and closer cooperation and interaction with major commercial real-estate brokers.

Third, Mr. Waldo stated that long-term recommendations were developed to meet the following objectives:

- Institutionalizing the importance of freight;
- Developing ongoing relationships among key stakeholders, including Class I and switching railroads; and
- Demonstrating and communicating the value of rail access, distinguishing Chicago from other possible industrial location sites.

According to Mr. Waldo, the long-term recommendations included the development of a rail-oriented industrial development strategy; expanding the CREOP site analysis to more sites; a “rail freight economic development summit;” a “freight rail development” working group; and CREOP site prioritization, to create a successful case study.

Mr Waldo suggested that the next steps for study might include the following:

- Expansion of CREOP to all twenty-four industrial corridors, developing effective rail-based strategies for each corridor.
- A Chicago rail track inventory [the C.O.R.A. map?].
- Weekly Chicago rail traffic from STB and TRANSEARCH data
- Rail freight traffic profile of the Chicago Region (using the waybill database) showing rail freight flows by commodity, direction, tons, value, and carrier
- Similarly, a truck freight traffic profile of the Chicago region, using the TRANSEARCH database

Mr. Rohter asked if large industrial parks were better fits for rail traffic, allowing multiple tenants with a single siding. Discussion then followed about the issue of existing sites and industrial retention. The emphasis was on making the sidings work for the railroads. Mr. Alonzo concurred that railroads like bigger sites, and emphasize those sites in their industrial marketing. Mr. Greenwood added that intermodalism should also be considered – a 2- to 10-minute dray was considered excellent for rail access. Mr. Wilson added that businesses sought to minimize cycle times for such drays.

Mr. Billows asked about how community issues were addressed, particularly issues like weight limits on bridges and truck traffic through neighborhoods. In response, it was acknowledged that these were issues, even though the goal was to maximize the rail shares of the trips.

Ms. Ogard asked about the supply of rail cars. In response, Mr. Waldo responded that they were aware that the supply was an issue, but they didn’t regard this as a deal-breaker because of the long-term focus; the equipment would be available in the long run. Mr. Rohter added that obtaining

equipment in Chicago was easier than in other areas, such as Kansas City. Mr. Wilson added that at least one railroad, the Union Pacific, was buying containers to address this, though other rail companies may not be doing so. Ms. Ogard stated that this was still an issue, with many aging cars and requirements that some equipment be food-grade.

Steve Lazzara suggested that the study could apply to other parts of the region, and hoped that the spirit of the project was to foster economic growth for the Chicago region, not just the City of Chicago. He noted that many of the lessons of the project could apply equally to sites in Will County and Chicago, even developing greenfield sites. The study could be a foundation to work together. Joe Alonzo agreed. George Billows said he saw this as a regional initiative sponsored by Chicago. Jeff Sriver agreed, noting that even though the City of Chicago was the project sponsor, the project affects and promotes the whole region.

Mr. Jennings asked about the Ryerson property. Who at the railroads will deal with the access issues there? Mr. Alonzo stated that he would determine the appropriate contact and provide it to Mr. Jennings.

Mr. Chandler stated that he was eager to read the study. The focus on specific sites, rather than corridors or parks, made the project complex, needing to really think about the integration of land use and transportation. The study pointed out that it takes time to reach out to the industrial investment community. Mr. Alonzo agreed, and added that that happened during the study. New contacts and relationships were developed. An audience member added that the City has a program to provide industrial outreach.

Ms. Ogard asked what the relationship between this project and CREATE was. Do these sites tie in to CREATE? Mr. Alonzo responded that these projects do not further CREATE, but CREATE furthers these projects by providing better national access. Ms. Ogard followed up by asking whether CREATE can be leveraged with additional development. Mr. Alonzo responded "no," that we would need additional infrastructure to do that. Mr. Wilson added that the goal of CREATE is to improve regional traffic flow, and that improved regional traffic flow is conducive to local economic development. Mr. Alonzo agreed, adding that CREATE improves the regional industrial development environment, but doesn't go down to the site level.

Ms. Hamilton noted that the project was funded by an Illinois Tomorrow grant, and thanked IDOT for providing that funding.

6.0 Illinois Tollway Truck Parking Proposal.

Illinois Tollway staff presented information regarding their recent submittal for a Truck Parking Facilities Program grant. Mr. Dreyer noted that the link to the submittal was provided to the members of the Freight Committee. He stated that the application requested \$10.3 million in funding. He stated that the Tollway had worked with trucking organizations, the State Police, and others develop the application.

Mr. Dreyer stated that addressing the truck parking issues was a priority. Trucks parking on exit ramps and around oases was a problem. The grant will help address this issue on the Tri-State Tollway, which has a large volume of truck traffic. Mr. Dreyer stated that the application would provide 25 more truck parking spaces at the Lake Forest Oasis. He noted that land acquisition was more difficult at other locations. The project will also include developing a real-time parking

inventory, then distributing that information to drivers. The project will involve private truck stops, and study electrified truck stops for air quality benefits.

Mr. Wilson asked whether there were any non-oasis locations planned for truck parking. Mr. Dreyer responded that they could be part of the system, and noted that truck stops would be included in the system. Mr. Billows cautioned, though, that we want to encourage parking development, if possible, for locations closer to the destinations, so that peak-period travel was reduced.

Mr. Billows then led a discussion of the possibilities of additional truck parking sites. He noted that most sites were landlocked, and that local truck routes were an issue. Mr. Rohter added that some demand was different for northbound and southbound sites – directionality is an issue.

Ms. Ogard asked if the Tollway was looking at a reservation system. Mr. Dreyer responded not at this time, though the Tollway may consider such a system later if the original tracking system is approved. Mr. Rohter noted that advantages of a reservation system for high-value or high-security loads.

7.0 Congestion Mitigation and Air Quality Improvement Program

The CMAQ Project Selection Committee met on November 30. Mr. Murtha stated that no agreement on the future direction of the program had been reached, but that increased involvement of the Committee through RTOC was anticipated. It was also anticipated that a group focused on direct emissions reductions projects, like the diesel locomotive emissions reductions projects previously financed through CMAQ, would be formed.

Mr. Murtha said staff still anticipated a call for projects in early 2011, and that staff will continue to monitor CMAQ activities.

8.0 Freight Snapshot

Mr. Murtha stated that additional background materials were posted on the Freight Snapshot site, <http://www.cmap.illinois.gov/freight-snapshot>, and requested that Committee members and interested parties review these materials and provide comments to him.

9.0 Issue Updates

In the interests of time, this item was deferred.

10.0 Other Business

No other business was presented.

11.0 2011 Meeting Dates

The following meeting dates were established: January 17 (later rescheduled for January 24), March 21, May 16, July 18, September 19, and November 21.

12.0 Adjournment

Mr. Lujan adjourned the meeting at 11:48 a.m.

Respectfully submitted by Tom Murtha