

CMAP
Developments of Regional Importance
Regional Impact Assessment

Project: CN Acquisition of EJ&E

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Project description

Canadian National Railway Company (CN) has announced plans to acquire the major portion of the Elgin, Joliet and Eastern Railway Company (EJ&E) for \$300 million. The EJ&E, a Class II railroad, operates over 198 main line miles of track encircling the City of Chicago from Waukegan, Ill., on the north, to Joliet, Ill., on the west, to Gary, Ind., on the southeast, and then to South Chicago. According to CN, the acquisition will significantly improve the fluidity of CN's rail operations in the Chicago region, rewarding customers with faster transit times and more reliable service. Under CN's agreement with United States Steel Corporation whose Transtar subsidiary owns the EJ&E, the Transtar subsidiary will retain railroad assets, equipment, and employees that support the Gary Works site in Northwest Indiana and the steelmaking operations of U. S. Steel. The portion of the EJ&E to be acquired is often referred to as EJ&E -West Co. or EJ&EW. Transtar's remaining operations (EJ&E – East) will become the Gary Railway.

CN President and Chief Executive Officer E. Hunter Harrison said: "This acquisition is good news for railroading in Chicago. Chicago is essential to CN's rail operations, yet it presents us with major operational challenges. This transaction will improve rail operations on the CN system and the rest of the Chicago rail network by moving CN trains out of the urban core to EJ&E lines on the outskirts of the Chicago metropolitan area." (Excerpted from CN's 9-26-2007 press release).

The acquisition, if approved, would allow CN to reroute much of its freight traffic from five current lines in Chicago, many of which experience high levels of congestion to the 108 mile circumferential route. CN estimates that 34 communities will experience increased train activity of 15-27 trains/day and 80 communities will experience decreased train activity (by 1-21 trains/day within the initial three year implementation period. The operational changes may also free up 450 acres of land along 38 route miles in and near Chicago for future transportation use or development or redevelopment.

The acquisition is subject to regulatory review by the U.S. Surface Transportation Board (STB). On November 26 of 2007 the STB clarified procedural requirements by deciding that CN's application will be processed as a as a minor transaction, but will require a full environmental impact statement (EIS). The EIS process will identify key impacts on the transportation system; land use; energy; air; noise; safety; and biological resources; as well as proposed mitigation. The EIS process is interactive and will afford local communities the opportunity to discuss implications for their communities with CN officials. The facts provided in the following sections is based staff interpretations of the CN railroad's

application and summaries and should be subjected to further verification during detailed analysis.

Bibliography of relevant resources

1. Canadian National Railway Company and Grand Trunk Corporation Railroad Control Application to the Surface Transportation Board (STB). *This is CN's legal statement of intention to acquire the EJ&E West Company from US Steel's Transtar subsidiary. It is their 526 page official filing for federal approval, dated October 30 2007.*
2. Press Release: "CN to acquire key operations of Elgin, Joliet and Eastern Railway for US\$300 million" (CN Montreal and Pittsburgh, Sept. 26, 2007) *This is CN's public announcement of the acquisition plan.*
3. The Updated 2030 Regional Transportation Plan for Northeast Illinois (CMAP, 6/2007) *The 2030 RTP is the region's official plan for transportation investment and strategies and sets forth priorities and funding expectations for key capital projects.*
4. 2040 Regional Framework Plan (NIPC 9/2005). *This the region's official plan to guide future land use and development by coordinating local land-use plans and regional-level decisions in response to projected population and employment growth.*
5. Northeast Illinois Greenways and Trails Plan (NIPC 1977, currently being updated) *The region's adopted plan for development of trails and preservation of greenways throughout northeast Illinois*
6. FRA's Final Rule on Use of Locomotive Train Horns (The Federal Register 4/20/2005) and related summaries. *This constitutes the Federal Railroad Administration's published regulations for where and when trains must routinely sound their horns at grade level crossings and outlines procedures and safety measures to be implemented in lieu of horns for communities that wish to pursue quiet zones. Several summaries and guidance documents are also available.*
7. Outer Circumferential Land Use and Community Planning Study (S. B. Friedman & Company, March 29, 2005) *This was a planning study done for Metra to provide a regional framework for transit-oriented development along the <proposed Star Line in the EJ&E corridor> that would support optimal ridership and community preferences. It assisted communities along the line in planning for transit-oriented land uses at future station sites.*
8. TRB's National Cooperative Highway Research Program - Report 586: Rail Freight Solutions to Roadway Congestion—Final Report and Guidebook (NCHRP, 12/5/2007). *A very current research publication providing guidance on evaluating the potential feasibility, cost, and benefits of investing in rail freight solutions to alleviate highway congestion from heavy truck traffic.*
9. STB's docket of filings at:
<http://www.stb.dot.gov/filings/all.nsf/ByDocketNumber?OpenView&Start=2463&Count=300&Expand=2608#2608>
10. The Illinois Commerce Commission's working paper #2002-03: "Motorist Delay at Public Highway – Rail Crossings In Northeast Illinois" - *A July 2002 analysis of the*

delay impacts on motorists of approximately 1,500 daily trains traversing 1,732 public at-grade crossings in the 6- county metropolitan area.

11. The Illinois Commerce Commission report: “Grade Crossing Analysis – CN Acquisition of EJE, December 2007 - *an analysis of public safety impacts at public highway-rail grade crossings on current CN lines and the current EJ&E line and public pedestrian –rail crossings on the EJ&E track - based on changes in predicted risk exposure due to proposed operating changes.*

Likely regional planning implications

A. Effect on proposed Star Line passenger service.

Will the CN’s acquisition of subject EJ&EW rail line preclude the region from implementing significant portions of the planned Star Line?

Within the updated 2030 RTP the Star line is a major capital recommendation for circumferential passenger rail service in Cook, DuPage and Will Counties (initial phase) and in Lake and eastern Will Counties (later phases) with full funding for the initial phase anticipated through discretionary federal grants and funding for construction of the remaining extensions not identified. The first phase of the STAR line will, over its 55 miles, connect nearly 100 communities. Using two dedicated transportation corridors, one running approximately 36 miles along the Elgin, Joliet & Eastern (EJ&E) railroad corridor connecting several suburban communities in western DuPage County with Joliet in western Will County and Hoffman Estates in northwest Cook County. The other corridor runs approximately 19 miles along the Northwest Tollway (I-90) connecting communities in northwest Cook County with O’Hare International Airport. The initial proposal anticipated use of the EJ&E right of way.

CN representatives have indicated that they do not have objections to accommodating passenger service within the EJ&EW right of way and that there appears to be sufficient width to accommodate another track. CN has also indicated that their priority will be assuring that freight traffic is not impeded. CN has not revealed the anticipated volume of freight traffic on the line beyond the initial implementation period. On the proposed Star Line portions of the EJ&E, CN will add 15 to 26 trains/day (current volumes range from 5 to 19 trains daily). This comes to 45 trains a day from the BNSF crossing at Eola to Joliet, which may impact passenger train capacity.

The following RTP strategies may be achieved through the provision of new capital assets, along with the modernization and improved utilization of existing assets.

- Coordinate freight rail operations with commuter rail service and infrastructure projects. This includes providing additional capacity on new or restored rail sections to permit additional train movement with modernized train control systems that permit bi-directional operation.
- Where heavy conflicts occur between commuter services and crossing freight services, provide rail-to-rail grade separations.

Additional review is needed to determine the feasibility of operating passenger service within the EJ&EW right of way in the presence of increased freight movements.

B. Effect on established community character and quality of life

Will the CN's acquisition of the EJ&EW and subsequent changes in operating patterns have a significant detrimental effect on quality of life in portions of the region due to noise impacts, vibration, delay for motorists, safety and emergency response?

Both the 2030 Regional Transportation Plan and 2040 Framework Plan provide guidance regarding the mitigation of transportation project impacts on local community character and quality of life.

There is concern about community character and quality of life impacts of increased freight traffic on 105 miles of EJ&E rail line at the local and sub-regional level. The area that will experience planned freight traffic increases of 15-27 trains/day upon completion of the three year, three phase implementation, spanning 105 route miles and 34 towns (with a population of over 850 thousand). This increase will result in approximately 45 trains/day from the BNSF crossing at Eola to Joliet.

It is unknown what the freight traffic will be in the mid-term and long term time frames. There will also be decreased freight traffic (by 1 to 21 trains/day) on the portions of radial lines currently inside of the EJ&E alignment (105 miles that CN owns and 40 that they use but are owned by others) spanning 80 communities with populations of over 4 million people. It is unknown what portion of those communities' population are close enough to the rails lines to experience detrimental (or positive) affects of freight traffic increases (or decreases).

It is assumed that most areas that have significant residential land use near grade crossings on the EJ&E line will want to pursue "quiet zones" under the increased traffic scenarios so that those areas do not have to experience frequent (routine) locomotive horn sounding. Of the 275 EJ&E crossings, 140 are public at-grade, 70 are private at-grade and 9 are pedestrian at grade. The others have grade separations. Of the 140 public crossings on the current EJ&E line, 25 are new "quiet" crossings by virtue of two recent quiet zones established in March and October of 2007, none are "pre-rule" quiet crossings (e.g. temporarily exempted from FRA requirements), and 37 crossings are in study or processing for new quiet zone status. In order to get FRA approval for whistle bans at crossings it is necessary to establish new quiet zones which usually entails construction some additional safety measures at some of the crossings within each new zone. Without detailed study of the crossings, their safety records, and the potential to construct particular safety measures at particular locations, it is not possible to estimate the cost to eliminate routing train horn sounding in the corridor.

In addition, more frequent interruptions to local traffic circulation by freight traffic will need to be addressed through modifications and enhancements to traffic management in affected communities.

While it is assumed that diesel locomotives will comply with appropriate federal regulations on emissions, it is anticipated that persons in the vicinity will be subjected to higher levels of diesel pollutants than before.

The following RTP strategies may be achieved through the provision of new capital assets, along with the modernization and improved utilization of existing assets.

- Reduce rail/highway grade crossings conflicts by providing grade separations and at-grade safety improvements.
- Mitigate negative community effects caused by train noise and blocked crossings.

An analysis should be conducted to determine the areas of impacts and additional evaluation in each community to assess the type and degree of quality of life impacts, number of people affected, impact on safety and emergency response, and on community character and businesses.

C. Effect on freight and passenger rail operations regionwide.

Will the CN's acquisition of the EJ&EW and subsequent changes in operating patterns have a significant effect on freight and /or passenger operations in the greater Chicagoland region?

The reduction in CN use and commensurate reduction in freight traffic and congestion (by 1 to 21 trains/day) on portions of five radial lines currently inside of the EJ&E alignment (105 miles that CN owns and 40 that they use but are owned by others) and particularly at key transfer points that are utilized by other carriers could dramatically ease choke points and delays for other carriers. How these changes affect the need for and future of CREATE system of freight improvements could be significant as well.

Also the EJ&EW line has many intersection points with current Metra passenger service. The ability of those lines to maintain viable schedules for passenger travel while avoiding freight train conflicts could be difficult. Current Metra passenger service that runs on lines which are highly utilized by CN currently (such as the North Central line) stand to see better scheduling opportunities in the future with the reduced freight traffic envisioned. Amtrak's intercity passenger service to Chicago could be impacted, as well.

Both of the 2030 RTP or 2040 RFP identify the efficiency of freight movements as an objective.

The *2040 Regional Framework Plan* recognizes the pressing needs of commercial goods movements in the region and advocates a commitment to improving the performance of the region's freight system.

The *2030 Regional Transportation Plan (RTP)* clarifies that the goal of sustaining the region recognizes the need to promote economic development and that this includes making the efficient movement of commercial goods a priority for ongoing transportation system development. It further states that the flow of commercial goods over the freight transportation system is of intense federal and state interest and that the RTP supports freight strategies that demonstrate a benefit to the region's economic health overall. In this case, this would include an assessment of the redistribution of economic benefits and burdens among the region's business community and population at large.

All three of the *2030 Regional Transportation Plan (RTP)* goals of maintaining the integrity of the existing transportation system, improving transportation system performance, and employing transportation to sustain the region's vision and values are at play when viewing the potential positive and negative impacts on the viability and efficiency of passenger rail service

Further evaluation should be conducted to assess the actual changes in freight and passenger rail travel and volume and the interplay of these planned CN reductions and re-routing on the loading of critical links and connections within the regional freight and passenger rail network.

D. Redevelopment opportunities

Will the CN's plans "free up" nearly 38 route miles in and near Chicago that could provide key opportunities to further the region's land use and/or transportation plans?

The planned operational changes associated with this acquisition may allow the Canadian National to free up right-of- way for up to 38 route miles in and near Chicago which could potentially be redeveloped in future transportation use (possibly non- motorized), private or public re-development, or open space.

The 2040 Regional Framework Plan calls for transportation improvements to be sensitive to community context. The 2040 Plan also defines a system of corridors and supportive land uses meant to connect the region's centers and improve residents' quality of life by making it easier to get around our communities. The 2040 Plan also recognizes the existing and future transportation corridors to support the Regional Greenways Plan to consider potential use by bicycle and pedestrian travelers

The 2030 RTP supports improved asset and real estate management practices by and among regional freight system stakeholders. This includes regular participation in multi-state planning and management endeavors.

Further evaluation should be conducted with to determine what parcels will become available and to what extent redevelopment plans support 2030 RTP and 2040 Regional Framework Plan goals and objectives.