Building Freight's Future

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Chicago's freight and distribution sector continues to grow, but future vitality depends on addressing infrastructure challenges.

Chicago is the nation's busiest rail hub; it handles an estimated 50 percent of U.S. rail freight passing through the city. Rail service via 500 freight trains daily, according to World Chicago (WCB), an economic development organization. The area is the only place where six Class I North American railroads intersect traffic and is also one of the world's largest intermodal container-handling facilities. National rail traffic set a record in 2004, up 5.3 percent over 2003, but intermodal freight grew by 5.9 percent that year, setting a fifth consecutive yearly record. According to the Washington, D.C.-based American Association of Railroads (AAR), all rail shipping and distribution center growth are being fueled by offshore manufacturing expansion. International container traffic was up 75 percent in 2004, according to the Calvert, Maryland-based Intermodal Association of North America. More than 500 million square feet (46.4 million sq m) of warehouse/distribution space exists in Chicago, accounting for almost 48 percent of all available industrial real estate, according to WCB, and another 235 million square feet (21.5 million sq m) is under construction. Air freight distribution clusters around O'Hare International Airport. The 155 distribution centers in fast-growing Wil County continue to boom. Large regional distribution centers are being built in communities located 50 to 100 miles (80 to 160 km) from downtown. Infll development increases those needing closer access to downtown or a more central location for Chicago market operations. In 2002-2003, two new rail-only intermodal facilities were focal points for investment.
Organizing a regional policy board to coordinate transportation and land use planning.

Progress has been made on some recommendations, says Jim LaBelle, deputy director of Metropolis 2020, and leader for policy development in freight, land use, and transportation. In 2006, the Chicago Metropolitan Agency for Planning combined the Chicago Area Transportation Study, the region's transportation planning agency, and the Northeastern Illinois Planning Commission, the land use planning agency, into a single body. Next steps may include financing power to encourage public/private cooperation on developments of regional impact. The region has "put a toe in the water on variable pricing for roads" in which trucks pay $1 per toll more during peak hours, says LaBelle, who believes that variable pricing will become more widespread. Other recommendations, such as preserving land for freight use, have to overcome hurdles of forging agreements among multiple jurisdictions.

A key recommendation is to complete the $1.5 billion Chicago Region Environmental and Transportation Efficiency program (CREATE), originally envisioned in 2003 as a 10-year agreement among the region's six Class 1 railroads, the city of Chicago, Metra (commuter rail), and the state of Illinois to eliminate rail bottlenecks by coordinated upgrading of public and private infrastructure. The program encompasses 78 projects including highway-rail grade separations, rail flyovers, railroad infrastructure (switches, track, signals) projects, and viaduct improvements along five rail corridors in five counties in Illinois and one in Indiana. The AAR calls it a "first of its kind" partnership.

Anticipated benefits include increased rail speed, lessening delays to shippers and making rail more attractive; decreased delays for motorists and rail passengers; reduced highway needs and new construction costs and highway user costs nationally; and improved air quality regionally and nationally.

This past September, CREATE received $500 million from federal SAFETEA-LU (Safe, Accountable, Flexible, and Efficient Transportation Act: A Legacy for Users) funds, to which the railroads will add $100 million, the state of Illinois is anticipated to add $100 million by issuing bonds, and the city of Chicago will contribute $30 million, for a total of $330 million over the next three years. This will fund 31 projects that will be completed or under construction by 2009. LaBelle notes that CREATE funding has not moved as quickly as proponents had hoped and that the next opportunity for federal funds likely will be in 2009. Projects chosen for initial funding were those that the partners agreed promised the largest benefits in terms of safety, efficiency, and congestion relief, says N. Marcia Jimenez, CREATE project director for the Chicago Department of Transportation.

Jimenez emphasizes that the Chicago area rail operations have national impacts and infrastructure improvements will lead to national benefits. Sixty-five percent or more of the freight from the ports of Long Beach, Seattle-Tacoma, and New Jersey eventually moves through Chicago. Congestion in Chicago is felt up and down the line; for example, one of the key benefits of CREATE is better air quality nationally as more efficient trains attract shippers and reduce truck traffic. The AAR, citing continued traffic growth, says expansion of rail capacity is a key issue nationally this year. As mentioned earlier, Chicago is the country's freight capital and the key hub in the national system. CREATE, says Jimenez, is a beginning to build capacity and efficiency regionally—an effort whose economic and environmental benefits will also be felt nationally. UL.

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