



**Written Testimony For  
National Surface Transportation Policy and Revenue  
Study Commission  
Chicago Field Hearing  
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## **Introduction**

Thank you for the opportunity to submit testimony to the National Surface Transportation Policy and Revenue Study Commission. The Commission has an important and difficult task before it, and we especially appreciate the Commission's willingness to come to Chicago for this field hearing.

The Transportation for Illinois Coalition (TFIC) is a diverse group of nearly 70 statewide and regional business, labor, industry, governmental and not-for-profit organizations that have joined together in a united and focused effort to support a strong transportation alliance for Illinois. (See Attachment 1 for a list of TFIC members.) Co-chaired by the state AFL-CIO and the state Chamber of Commerce, TFIC members recognize that a modern and efficient transportation system is critical not only to business and industry but also to the working people who depend upon the transportation system for their livelihood.

Our nation's transportation resources impact economic development, job growth, personal income, industrial output, retail sales and all other indices of economic performance. A strong transportation system is vital to the state's - and the nation's - ability to sustain a healthy economy, to attract and retain jobs, and to compete in the global marketplace. It is also necessary to enable the personal mobility that connects people not only with the workplace but also with education, recreation, health care and other quality-of-life opportunities.

## **Challenges**

Transportation faces numerous challenges as it adapts to the changing marketplace. We would like to focus on three of these challenges which are particularly daunting in Illinois: aging infrastructure; worsening congestion; and growing freight traffic.

**Aging Infrastructure:** Illinois has a long history as a transportation hub for the nation. For example, Chicago is the only city in the country where six major North American railroads meet to interchange freight. Multiple Interstate routes cross Illinois, north to south and east to west, carrying traffic from coast to coast. Finally, Chicago is home to the nation's second largest transit system, providing approximately 2 million rides a weekday. But many of these infrastructure components, which have defined and supported the state's economic well-being for so many years, are very old, and it requires more and more spending to maintain, modernize and rebuild them.

**Worsening Congestion:** To increase productivity and lower warehousing costs, the economy increasingly relies on the timely delivery of goods. But these productivity gains are limited by the growth in congestion. According to the Texas Transportation Institute, travel delays in the Chicago area have grown by more than 5.5 times during the last 20 years. Congestion drives up the costs of goods, which in turn affects the region's ability to compete in national and international markets. Congestion also hits motorists in the pocketbook, with average annual delays of 58 hours per peak-period traveler, which translates to approximately \$1,000 per traveler. Congestion is expected to grow as the

Chicago metropolitan area faces the challenge of absorbing nearly two million new residents and one million more cars by 2030.

**Growing Freight Traffic:** Just-in-time delivery and the increase in foreign imports have given the U.S. shipping industry a huge increase in business. Between 1998 and 2003, truck tonnage on Illinois roads experienced a 17 percent increase. Truck miles traveled on Illinois Interstates have more than tripled since 1983. Currently ranked fourth among the states, freight tonnage moving by truck in and through Illinois is projected to grow substantially in the coming years.

Rail freight traffic is also at record levels. With rail infrastructure spanning 16,000 acres, Northeastern Illinois is now the largest and busiest intermodal hub in the nation and fifth largest worldwide. Some 37,500 rail cars a day travel through the Chicago hub, with that number projected to grow to 67,000 cars per day by 2020. Yet, congestion in Chicago's rail freight network is already bad and getting worse. Chokepoints and inefficiencies in the rail system not only delay the passage of freight in and through the area but also impede commuter and rail passenger trains, and cause lengthy and frequent delays to motorists at rail-highway grades crossings.

## **Federal Role**

TFIC has four recommendations regarding the federal role in surface transportation. Each is discussed below.

**Retain a strong federal role in transportation policy and funding.**

**Increase federal revenues for transportation.**

**Reform the earmark process.**

**Recognize that public/private partnerships are a tool, but not a panacea.**

**Retain a strong federal role in transportation policy and funding:** The federal partnership works. It has produced a quality transportation system with links from rural areas to urban areas, in and through localities and across state lines. The federal role is essential in continuing those linkages. No individual sector of government could have accomplished this alone; the private sector cannot accomplish this. It has been the partnership - federal, state, local - that has enabled the vision and the funding to create a national system for moving people and goods.

That system has been critical to the nation's economic growth. In a shrinking world, logistics are essential to global competition. Because the United States already had an extensive and robust transportation network, it has had the capacity to adapt to the logistics-driven economic model. But continued federal leadership in transportation policy and investment is critical for the future to assure our transportation assets can support economic growth.

**Increase federal revenues for transportation:** Current projections suggest that in 2009 we will face a \$200 to \$800 million cash deficit in the Highway Account of the Highway Trust Fund. It is clear that existing revenues are inadequate. TFIC is prepared to "put its money where its mouth is." We will aggressively support increased revenues to restore the financial integrity of the federal Highway Trust Fund. With increased revenues, it will also be necessary to continue "firewalls" or some similar mechanism to assure that we do not return to the past practice of allowing huge balances to grow in the

Highway Trust Fund while constraining dollars for transportation improvements. All user fee revenues need to be dedicated and appropriated for the purposes for which they were collected.

**Reform the earmark process:** Earmarked projects have grown from just a handful in the 1970's to more than 6,000 in SAFETEA-LU. This level of earmarking, highly publicized and criticized in many publications, has eroded the public trust in transportation funding and has led some in the public to conclude that the federal transportation program is simply a "pork barrel" exercise. To restore public confidence that user fees are being wisely spent, it is critical to re-examine and reform the earmark process.

**Public/private partnerships are a tool, but not a panacea:** Though public private partnerships (3 P's) are sometimes portrayed as the answer to future highway funding shortfalls, their role is limited; they cannot supplant the need for substantial funding from all levels of government - federal, state and local - if we are to have a modern, safe and well-maintained surface transportation network. Highway public/private partnerships have been used most successfully for constructing new, Interstate-type facilities in high volume areas. But the nation's transportation needs consist of far more than that - resurfacing, reconstructing, modernizing, safety enhancements, intersection improvements, additional arterial lanes, improvements to lower volume roads that provide critical connectivity, etc. The 3P option may provide the opportunity for constructing specific high volume facilities but it cannot provide the basic funding needed to keep an overall highway system in good repair, modern and safe.

In addition to the construction of new roads, 3 P's may also involve the lease of existing roads. While such leases may generate substantial amounts of upfront cash, they also raise a number of policy issues. Attachment 2 is a paper by TFIC detailing 3 P issues of special concern to TFIC, including uses of the public proceeds from the lease, the costs to users, comparison with public financing options, the length of the lease, public disclosure of agreement details, and reconciling public goals with private sector interest.

## **Specific Modal Concerns**

Below are comments specific to three areas: highways, transit and the CREATE project.

### **Highways**

The nation's highways face all three challenges raised earlier: aging infrastructure, worsening congestion and the growing freight traffic. These issues are particularly true for Illinois' Interstate system, which is one of the most extensive, and oldest, in the nation. Last year, the country celebrated the 50th anniversary of the Interstate system. It is time to look with vision to the next 50 years.

As the system ages, not only does the pavement eventually need reconstruction (as opposed to simple - and less expensive - resurfacing), the roadway typically needs to be rebuilt to newer and safer design standards, and lanes may need to be added to accommodate traffic growth. The costs to reconstruct and modernize Interstate routes in major urbanized areas can be staggering. In Chicago the total cost for reconstructing just over 8 miles of the Dan Ryan Expressway is projected to reach nearly \$1 billion. But

even in rural areas, the cost can be significant, reaching more than \$10 million a mile. If the Interstate system is to continue to serve our future needs, the federal/state partnership must commit the resources to:

**Reconstruct and modernize existing Interstates.**

**Identify and eliminate bottlenecks which impede traffic.**

**Identify and eliminate gaps in the nation's Interstate system.**

**Provide special facilities, as appropriate, to accommodate the growth in truck traffic.** (This could include construction of truck lanes, intermodal connectors, etc.)

## **Transit**

In the Chicago region, as in many areas around the country, there are significant capital and operating funding needs for public transportation. As mentioned earlier, the public transportation network in the Chicago area is the second biggest in the nation, providing two million rides a day. However, even in rural areas that lack systems as extensive as a major metropolitan area's transit network, access to quality public transportation is an important issue.

A recent strategic plan for northeast Illinois' public transit system outlined \$10 billion in unmet capital needs and \$400 million in unfunded annual operating expenses for the next five years. Many of the investment dollars are focused on maintaining the existing system and replacing the aging fleet of buses and rail cars. However, transit also has to look to the future and take steps now to address population growth and traffic congestion.

With so many needs, public transportation in the Chicago region has large financial challenges. Transit operating costs, including fuel, security, health care, and basic maintenance, have climbed faster than revenues. In addition, over the past few years, limited capital dollars have continually been diverted to help pay for operations, over \$100 million in the last year alone.

The Chicago region is an example of a metropolitan area with a mature transit system, with millions of dollars already invested in the network over the past hundred years. Old rail cities like Chicago, New York, and Philadelphia represent the majority of transit riders in the nation; and there is a national interest in preserving that ridership. Their infrastructure is old, with significant deferred maintenance. Yet, maintaining this infrastructure is essential for transit to continue to be a real option. The federal government needs to make rebuilding and maintaining this infrastructure a high priority in future transportation bills.

The federal interest in making such an investment is clear. For example, in the Chicago region, the transit network provides over \$12 billion in direct benefits and congestion relief, cuts at least 2,500 tons of air pollution, creates more than 100,000 jobs, and is helping to break the addiction to foreign oil. Lack of adequate funding will inevitably lead to a shrinking of the transit network.

## **Chicago Regional Environmental and Transportation Equity (CREATE)**

Chicago is the nation's preeminent rail hub. As noted earlier, some 37,500 freight cars a day travel through the Chicago hub, with that number projected to grow to 67,000

cars per day by 2020. There is an urgent need to revamp Chicago's rail infrastructure so it can handle this unprecedented demand. The patchwork quilt of switching yards, main lines and connecting tracks making up the Chicago area's rail network was not designed for today's surging volumes or today's innovative rail technologies. Because the volume and nature of freight rail traffic have changed so dramatically, all of the main lines that cross the Chicago metropolitan area are experiencing significant congestion. In fact, moving freight across the region by rail takes two days or more at an average speed of nine miles per hour.

If capacity problems are not addressed, Chicago stands to lose an estimated \$2 billion in annual production and 17,000 jobs in the next two decades. Nor will this damage be confined to Chicago since one third of the nation's rail freight shipments pass through Chicago.

CREATE is an historic partnership between railroads, the city of Chicago and the state of Illinois to construct a \$1.5 billion package of improvements to update this obsolete rail infrastructure and unsnarl congestion. The improvements include rail-to-rail crossings, rail/highway crossings, additional rail connections, crossovers, new main trackage and modern signaling technologies to expedite train movements in the five rail corridors traversing the Chicago region.

In addition to improving freight movements, the CREATE program will expedite highway and passenger-rail traffic. Twenty-six highway grade crossings will be replaced by viaducts, ending highway backups and eliminating the potential for car/train collisions. The construction of rail-to-rail viaducts at six rail junctions will remove capacity constraints which not only are degrading service levels on existing passenger trains but also have prevented the introduction of new passenger rail routes and frequencies.

Only the federal government can provide the missing funding that neither the state nor the rail industry alone can supply. Federal participation in the CREATE project, already begun under SAFETEA-LU, should continue to be a priority.

TFIC is also concerned about the lack of capital funding for intercity passenger-rail improvements and supports the creation of a federal/state matching grant program for that purpose.

## **Conclusion**

The surface transportation network faces difficult challenges including: aging infrastructure, worsening congestion, and growing freight traffic. A continued strong federal role both in policy leadership and in funding is essential for meeting those challenges. This effort will require increased revenues at the federal level to restore the financial integrity of the Highway Trust Fund. It will require reform of the earmark process and careful consideration of public/private partnerships as a tool, but not as a panacea. It will require significant investment to repair and to update highways, especially the Interstate system, as well as aging transit systems and congested rail facilities.

Our transportation assets have served the nation well. A vibrant surface transportation system - capable of moving people, goods and services with maximum flexibility, at reasonable cost, on a timely basis and with careful attention to

environmental and energy concerns - is critical to our future mobility and economic prosperity. We cannot afford to retreat from the challenges of the future.

Thank you again for the opportunity to join the dialogue on national transportation policy.