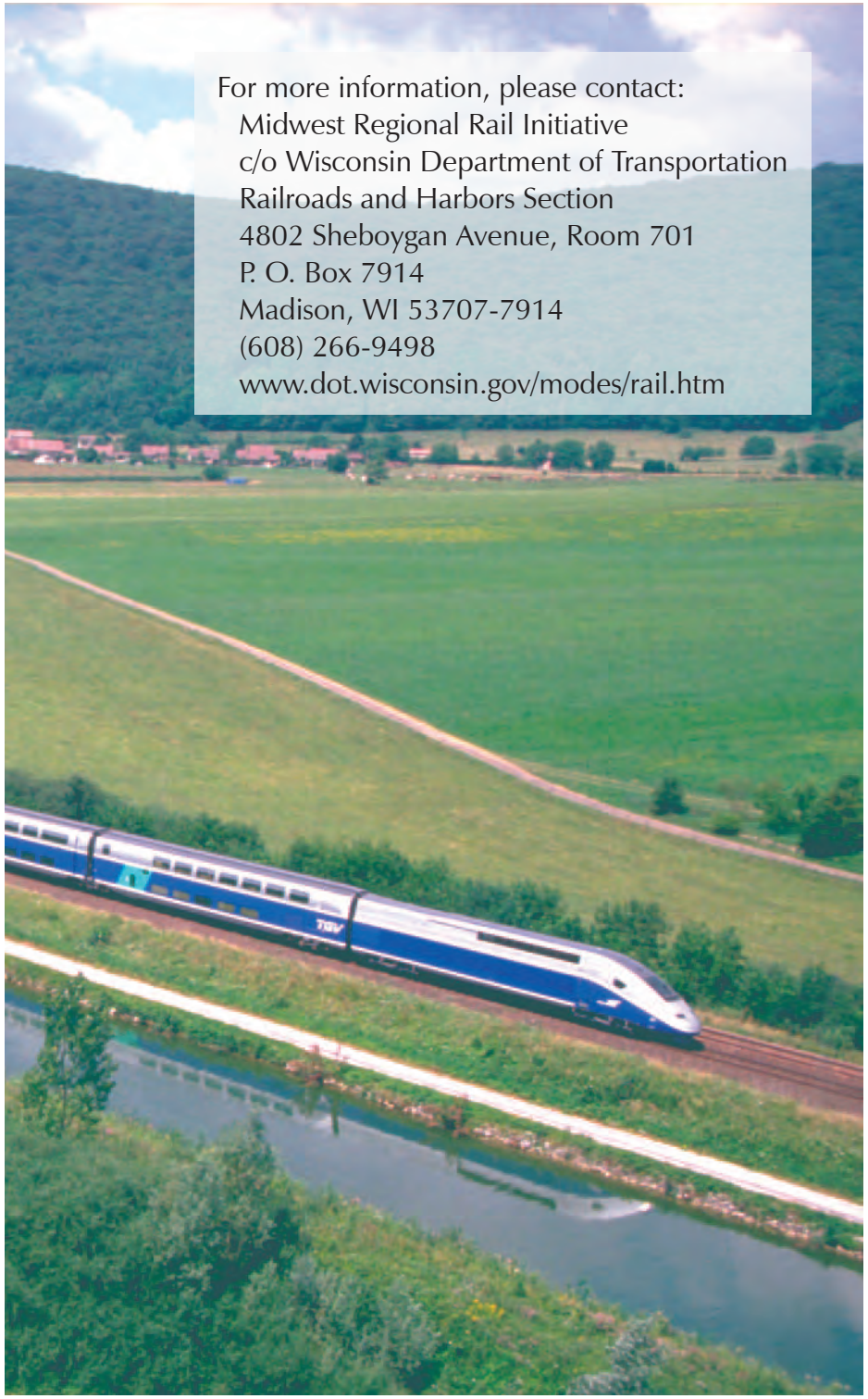

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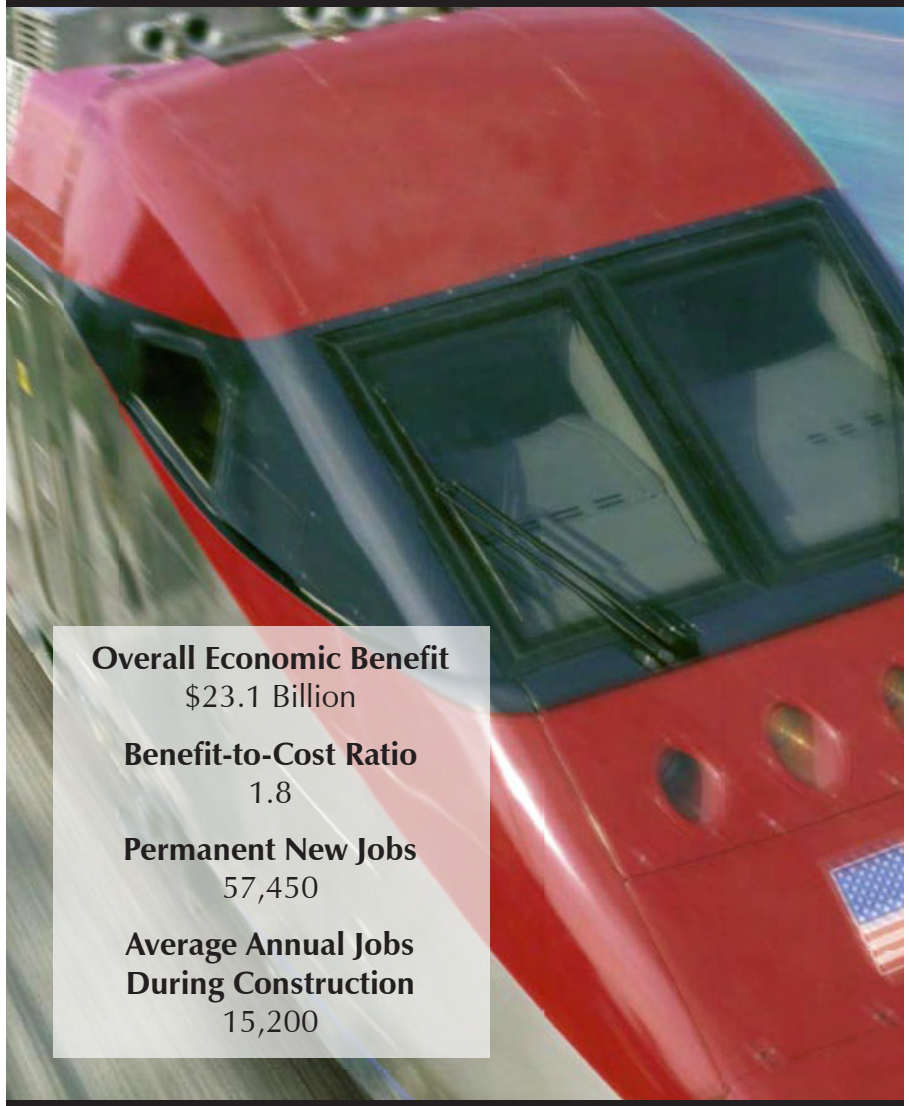
Economic Impacts of the Midwest Regional Rail System



Overall Economic Benefit
$23.1 Billion

Benefit-to-Cost Ratio
1.8

Permanent New Jobs
57,450

Average Annual Jobs During Construction
15,200

A Transportation Network for the 21st Century

Proposed Midwest Regional Rail System

A Transportation Network for the Future

With total yearly ridership estimated to be 13.6 million passengers in 2025, MWRRS will provide both a significant improvement in regional mobility (user benefits) and a large stimulus to the region's economy (community benefits). The system provides an 80 percent economic return on investment and distributes benefits across the entire nine-state region.

In an environment of rising oil prices, MWRRS will offer an energy-efficient and cost-effective alternative to air and automobile travel that will connect businesses and individuals with cities and towns across the Midwest.

Figures included in this brochure are based upon the Midwest Economic Analysis, consisting of three independent assessments:

1. An analysis of demand side user benefits as defined by the Federal Railroad Administration (FRA) for high-speed rail economic evaluation.
2. A supply side analysis of economic benefits designed to identify the community benefits in terms of long-term jobs, income and property value increases. This analysis uses the TEMS Economic Rent analysis.
3. An assessment of the transfer benefits achieved by the Midwest Regional Rail Initiative (MWRRI) system as a result of investing of Federal dollars in the construction of the MWRRI. The assessment uses the Department of Commerce BEA RIMS II Model.

Environmental Benefits

Population growth will increase the use of all modes of transportation in the future, adding congestion and delay. The Midwest Regional Rail System (MWRRS) can bring significant environmental benefits by providing a viable alternative to auto and air travel. Studies undertaken for several proposed high speed rail projects in the United States have shown the following environmental benefits compared with No-Build, and highway/airport alternatives:

- Decreased energy consumption
- Reduced air pollutant emissions and improved air quality
- Less land required compared to expanding existing highways and airports
- Opportunities for transit-oriented land use development
- Fewer environmental impacts on sensitive habitats and water resources (floodplains, streams, and wetlands) than highway/airport alternatives

Introduction

The Midwest Regional Rail System (MWRRS) will improve the level and quality of passenger rail service, offering:

- A 3,000-mile system, using existing rail rights-of-way shared with freight and commuter rail
- Safe, comfortable and reliable service to over 100 Midwestern cities, linking the region's major economic centers
- Access to approximately 80 percent of the region's 65 million residents
- State-of-the-art train equipment capable of operating at speeds of up to 110 mph
- More and better amenities, including first class seating for all, power outlets at each seat, wireless network access and food service
- Modern stations and intermodal facilities
- Dedicated feeder bus service connecting communities without direct rail service to the system

The enhanced regional transportation infrastructure and services will result in significant economic benefits and new Midwest jobs, while strengthening the region's manufacturing, service and tourism industries, and protecting the environment.

User Benefits

The user benefit is the overall savings to users of the Midwest transportation system derived from the Midwest Regional Rail System (MWRRS). Sources that produce this benefit are:

- The reduction in travel times that users of MWRRS receive

- The reduction in travel times and costs that users of other transportation modes receive as a result of lower congestion levels
- Reductions in emissions as a result of travelers being diverted from air, bus and auto

The MWRRS will generate a $23.1 billion user benefit over the 40-year life of the project and has a benefit-to-cost ratio of 1.8, which indicates that for each dollar spent on the system — one dollar and eighty cents is returned in benefits. This is one of the highest returns for any regional rail system in the U.S. Additionally, businesses using MWRRS will benefit from reduced transportation costs. Freight rail operations also will benefit from reduced congestion and enhanced safety, as a result of MWRRS track and signal improvements in shared corridors.

Capital Investment by Corridor

The 3,000-mile rail network to be used by the Midwest Regional Rail System (MWRRS) is largely in good condition. Freight railroads own the majority of the system. Amtrak and Chicago's commuter rail operator, Metra, own the remainder. Amtrak uses some of the lines for its various passenger services. The rail infrastructure must be improved and enhanced to integrate the proposed MWRRS onto the existing rail network and simultaneously preserve the integrity of current and future freight and commuter operations.

MWRRS CAPITAL INVESTMENT BY CORRIDOR (MILLIONS 2002$)

Corridor	Infrastructure	Train Equipment	Total
Chicago - Detroit/ Grand Rapids/Port Huron	$873	$234	$1,106
Chicago - Cleveland	$1,187	$152	$1,338
Chicago - Cincinnati	$606	$101	$707
Chicago - Carbondale	$232	$51	$283
Chicago - St. Louis	$445	$115	$560
St. Louis - Kansas City	$893*	$86	$980
Chicago - Quincy/Omaha	$638	$167	$806
Chicago - Milwaukee - St. Paul/Green Bay	$1,638	$222	$1,860
Chicago Terminal and Waterford Shop	$60	-	$60
TOTAL	**$6,572**	**$1,128**	**$7,700**

* Estimate subject to additional analysis and refinement.
Note: figures are rounded.

Construction Spending Impacts

The economic impacts of construction are:

- 15,200 average annual jobs during the 10-year construction period, of which 6,000 are construction jobs
- 152,000 person years of work during the construction period
- $5.3 billion of increased earnings over the construction period
- $16.9 billion of increased output by the region's businesses during the construction period

Source: Transportation Economics and Management Systems, Inc.

USER BENEFITS

	Billions
Illinois	$6.9 - $9.2
Wisconsin	$3.5 - $4.6
Michigan	$2.3 - $3.5
Indiana	$2.3 - $3.5
Minnesota	$1.2 - $2.3
Missouri	$1.2 - $2.3
Ohio	$1.2 - $2.3
Iowa	$.5 - $.7
Nebraska	$.2 - $.5

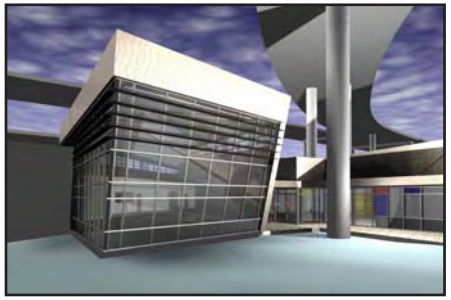
Source: Transportation Economics and Management Systems, Inc.

Travel Time Benefits

EXAMPLE TRAIN TRAVEL TIMES (EXPRESS)

City Pairs	Current Service	MWRRS	Time Reduction
Chicago-Detroit	5hr 38min	3hr 46min	1hr 52min
Chicago-Fort Wayne	(no service)	1hr 43min	(NA)
Chicago-Cleveland	6hr 24min	4hr 22min	2hr 02min
Chicago-Indianapolis	4hr 50min	2hr 41min	2hr 29min
Chicago-Cincinnati	8hr 10min	4hr 08min	4hr 02min
Chicago-Carbondale	5hr 30min	4hr 22min	1hr 08min
Chicago-Springfield	3hr 20min	2hr 29min	51min
Chicago-St. Louis	5hr 20min	3hr 49min	1hr 31min
St. Louis-Kansas City	5hr 40min	4hr 14min	1hr 26min
Chicago-Des Moines	(no service)	5hr 04min	(NA)
Chicago-Quincy	4hr 15min	3hr 44min	31min
Chicago-Omaha	8hr 37min	7hr 02min	1hr 35min
Chicago-Milwaukee	1hr 29min	1hr 04min	25min
Chicago-Madison	(no service)	2hr 15min	(NA)
Chicago-St. Paul	8hr 05min	5hr 31min	2hr 34min

STATION DEVELOPMENT



St. Louis, MO Multimodal Center (light rail, local bus, Amtrak, intercity bus & taxi)

Champaign, IL Terminal (local bus, intercity bus, Amtrak & taxi)

Normal, IL Multimodal Transportation Center (local bus, intercity bus, airport shuttles, Amtrak, taxi & bicycles)
preliminary design

Milwaukee, WI Downtown Station (Amtrak, intercity bus, local bus & taxi)

Station Development Benefits

Increased train operations from high speed rail systems can positively change the character of the urban environment around stations. The improved service and new stations encourage development of nearby properties. The resulting increase in property values is referred to as joint development potential.

Joint development potential for MWRRS communities has been estimated at $4.9 billion with investment varying by station size, location and level of increase in passenger activity. Comparison with previous station-related development shows that these benefits would likely be distributed among MWRRS stations as follows:

Stations with highest level of benefits (examples):
Chicago: $1.15 - $1.73 billion
St. Louis: $167 - $250 million
Milwaukee: $152 - $227 million

Stations with high level of benefits (examples):
Indianapolis: $121 - $182 million
Cincinnati: $119 - $179 million
St. Paul: $102 - $153 million

Stations with moderate level of benefits (examples):
Ann Arbor: $48 - $72 million
Omaha: $23 - $34 million
Iowa City: $14 - $21 million

MWRRS station development will bring together many modes of travel – trains, planes, taxis, private automobiles, and regional, inter-city, and airport buses – in order to maximize the benefits and efficiencies.

Examples of high speed equipment proposed for Midwest Regional Rail System

Community Benefits

The development of the Midwest Regional Rail System (MWRRS) will significantly expand the region's economy. Economic gains include:

- 57,450 permanent new jobs across the Midwest
- $1.096 billion dollars of extra household income across the nine-state region
- $4.911 billion dollars of increased joint development potential for the 102 cities with MWRRS stations

MWRRS will support existing industries and foster the growth of new businesses across the Midwest by improving access between communities. It also will encourage large businesses to distribute their operations more widely into smaller, highly accessible Midwestern communities that provide a high quality of life for residents.

Milwaukee Airport Rail Station

COMMUNITY BENEFITS

	New Permanent Jobs	Extra Household Income (Millions)	Increased Joint Development Potential (Millions)
Illinois	24,200	$480	$2,227
Wisconsin	9,570	$173	$704
Michigan	6,970	$138	$680
Indiana	4,540	$86	$350
Minnesota	1,570	$31	$145
Missouri	5,600	$109	$480
Ohio	3,520	$55	$231
Iowa	1,000	$17	$67
Nebraska	480	$7	$27
MWRRS	**57,450**	**$1,096**	**$4,911**

Source: Transportation Economics and Management Systems, Inc.