

Working Together: Public-Private Partnerships

ASSOCIATION OF AMERICAN RAILROADS

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WHAT SHOULD BE DONE?

Federal, state, and local governments should participate in more public-private partnerships with freight railroads.

WHY?

Partnerships offer a **mutually-beneficial** way for railroads and governments to solve critical transportation problems. If more freight were moved by rail, the public would benefit tremendously through lower shipping costs, reduced highway gridlock, lower fuel consumption, lower greenhouse gas emissions, and improved safety. Partnerships allow governments to greatly expand the use of rail while paying only for the public benefits. Railroads would pay for the benefits they receive. It's a win-win-win for everyone involved.

We're All In It Together

- Railroads have always played a critical role in America's economic development, but in today's troubled economy, that role is more vital than ever. America needs safe, affordable, and environmentally-sound transportation. Public-private partnerships combine the resources of both sides to address these transportation challenges — and take advantage of the **tremendous public benefits** associated with freight railroading.
- Some transportation problems can't be solved if each party acts alone. **The answer is cooperation.** Many potential rail projects would provide a combination of public benefits (such as decreasing highway congestion by taking trucks off highways) and benefits for freight railroads (such as enabling faster, more reliable train operations).
- In many cases, these partnerships only involve the public contributing a portion of the initial investment required to make a project feasible, with the railroad responsible for funding all future maintenance to keep the project productive and in good repair. Since railroads pay for the benefits they receive, **public-private partnerships are not "subsidies" to railroads.**

Partnerships With Railroads: The Public Wins

Rail-related public-private partnerships yield major benefits to the general public. Here are a few:

- **Fuel efficiency.** On average, railroads are three or more times more fuel efficient than trucks. In 2008, U.S. railroads moved a ton of freight an average of **457 miles per gallon** of fuel. If 10 percent of the long-distance freight that currently moves by truck moved by rail instead, fuel savings would exceed **one billion gallons** per year.

- **Greenhouse gases.** Because greenhouse gas emissions are directly related to fuel use, **moving freight by rail instead of truck reduces greenhouse gas emissions by two-thirds or more.** By encouraging greater use of freight rail, public-private partnerships offer a way to meaningfully reduce greenhouse gas emissions while benefiting the economy.
- **Highway congestion.** Because a train can take the freight of **280 or more** trucks off our highways, railroads reduce traffic worries for drivers. Railroads reduce highway gridlock, the costs of maintaining existing highways, and the pressure to build costly new highways.
- **Pollution.** According to the EPA, a typical truck emits three times more nitrogen oxides and particulates per unit of freight than a locomotive. The EPA recently released new regulations that will mean even greater reductions in locomotive emissions.
- **Safety.** Rail freight transport incurs about 12 percent of the fatalities and 6 percent of the injuries that trucks do per trillion ton-miles. The employee injury rate for railroads is half that of trucks.
- **Affordability.** Freight railroads offer tremendous value to shippers. On average, it cost shippers **49 percent less** (as measured by revenue per ton-mile, a useful surrogate for railroad rates) to ship freight by rail in 2008 than it did in 1981. These rate reductions have saved rail customers billions of dollars each year. That means **real savings for consumers**, and a more **economically-competitive** America.

Do Rail Partnerships Work in the Real World?

- Freight rail public-private partnerships don't just sound good on paper — they work! The best-known is the **Alameda Corridor**, a \$2 billion, 20-mile rail expressway that connects the Ports of Los Angeles and Long Beach to rail yards near downtown Los Angeles. Completed in April 2002, the Corridor has made the port more productive, reduced noise and congestion in the community, made the streets safer, cut down on pollution (from both motor vehicles and locomotives), and allowed faster, more efficient freight movements.
- Here's another example. The **Chicago Region Environmental and Transportation Efficiency Program (CREATE)** is a mega-partnership between the State of Illinois, the City of Chicago, and major freight and passenger railroads. CREATE will separate railroad tracks and highways to speed motor vehicle travel and reduce congestion and delays. It will update track connections and expand rail routes, meaning faster operations for passenger and freight trains. And it will add passenger-only tracks in key locations to remove bottlenecks that have slowed transit in the region for decades. The \$330 million first stage of CREATE construction is underway now.
- Also happening now: a multi-state partnership to increase the flow of consumer goods on the **Heartland Corridor** between the East Coast and Chicago. The partnership will accomplish this by raising the height of nearly 30 rail tunnels, allowing efficient double-stack container movements. The project is expected to jumpstart economic development all along the corridor.