



Memo

To: City Manager David Plyman
From: Economic Development Director Jason Anderson
Date: April 6, 2016
Re: Northern Illinois Freight Safety and Expansion Project

The City of Rochelle Railroad (CIR) has increased the volume of its switching operations from an average of 3,500 railcars per year over the past decade to over 10,000 railcars this past year. Gross annual Railroad revenue has averaged \$275K - \$300K over the past decade. The estimated gross Railroad income for this fiscal year ending on April 30th is estimated to be \$1.7M.

The dramatic increase in rail car volume has consumed most of the rail systems capacity. In order to continue to attract rail served companies who depend on rail, and to continue to increase rail revenue, the CIR needs to expand. The US Department of Transportation has advertised another round of Transportation Investment Generating Economic Recovery (TIGER) grants which could provide the funding the City needs to invest \$12,000,000 into the infrastructure that would increase the CIR's capacity. The project we call "***Northern Illinois Freight Safety and Expansion Project***" would include 18,000 feet of additional rail and switches for increased switching/storage of railcars and the installation of crossing gates to improve safety at all of the CIR rail crossings. Furthermore, with this expansion of switching capacity we believe there is a business case for both the UP and BNSF to install (at their expense) new automated mainline switches to serve the CIR. These new switches will facilitate additional rail car volumes and reduce the number of crossings both railroads utilize in Rochelle which will greatly improving public safety and further reduce the blowing of train horns.

We propose a 60/40 split in funding the project. The total project cost is \$12,000,000 with the TIGER Grant covering \$7.2M and the local match being \$4.8M. The Staff recommends the City Council approve the attached resolution as part of the TIGER Application.