

The Economic Impact of Passenger Rail Suppliers on Midwestern States



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The Economic Impact of Passenger Rail Suppliers on Midwestern States

The Midwestern states are working together to bring faster, more frequent passenger rail service to our region. In addition to its transportation benefits, future development will bring significant economic benefits to our states, the region and the nation. To demonstrate the important role that passenger rail already plays in the economy of our Midwestern states – and to give a foreshadowing of its potential future impact – the Midwest Interstate Passenger Rail Commission (MIPRC) is providing this brief snapshot of the current impact of passenger rail suppliers to our region's economy.

Every day, dozens of Amtrak trains traverse the Midwest. Hundreds of businesses along those routes provide necessary products and services to keep the trains running. The first part of this report looks at the economic benefit Amtrak is providing to our states' economies through its contracts with local businesses.

We also provide two case studies, with the first demonstrating how station redevelopment not only has an impact on the local economy but also brings additional economic benefits through rail suppliers' design and construction contracts. The example of Minnesota's St. Paul Union Depot redevelopment – which brought more than \$14.5 million in business to a variety of suppliers – illustrates how much of an economic impact new and expanded station development could have on rail suppliers in the future.

The second case study looks at the impact that the manufacturing of new bi-level passenger railcars is having on the Midwest's economy. Through the trainset manufacturer Nippon Sharyo in Rochelle, Illinois – and companies that make up the supply chain for other components such as brakes, air conditions, lighting and seating – this project will bring significant economic benefits to many Midwestern states.

As intercity passenger rail continues to thrive, the economic impact to our states will continue to grow. MIPRC looks forward to continuing to demonstrate the many benefits that intercity passenger rail is bringing – and can bring – to our region.



Rep. Randy Truitt, Indiana

Co-Chairs, MIPRC Committee on the Importance of Rail Suppliers to the Midwest's Economy



Robert Guy, Illinois

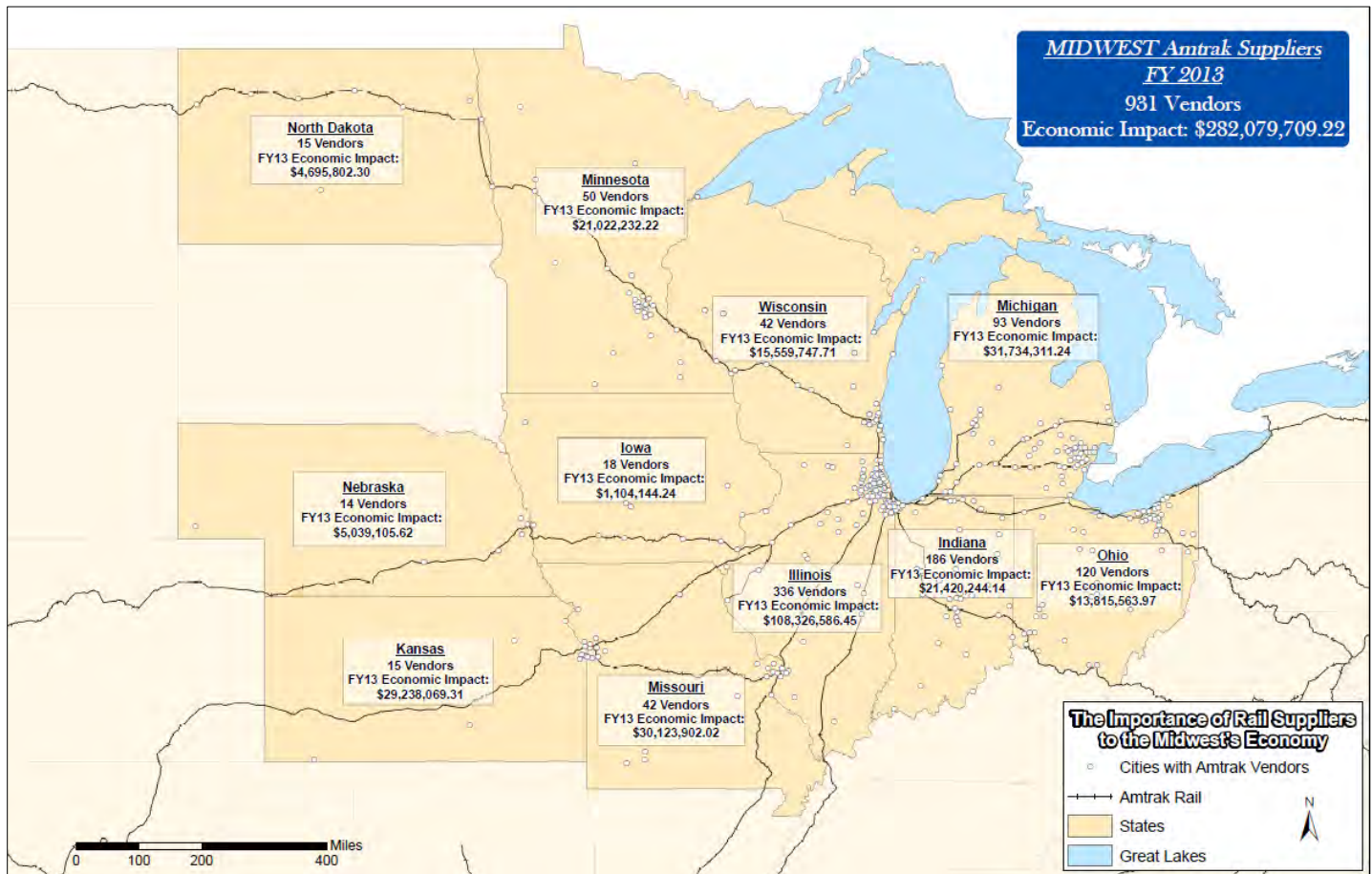
MIPRC thanks the Michigan Department of Transportation for their development of the Amtrak supplier maps; and Amtrak, the Illinois Department of Transportation and Ramsey County Regional Railroad Authority for providing the data for this report.



The Impact of Amtrak Vendors on Midwestern States

The Midwest is a testament to the fact that people increasingly want the option to take the train, especially with more frequent and reliable service. Ridership on existing Amtrak corridor service (100-600 miles) in the Midwest has been growing rapidly. In FY 2014, ridership on the nine Midwestern corridor routes combined reached nearly 3.14 million, almost double the number of riders on those routes in FY 2004. Five-year growth (FY 2009 to FY 2014) was 27 percent.

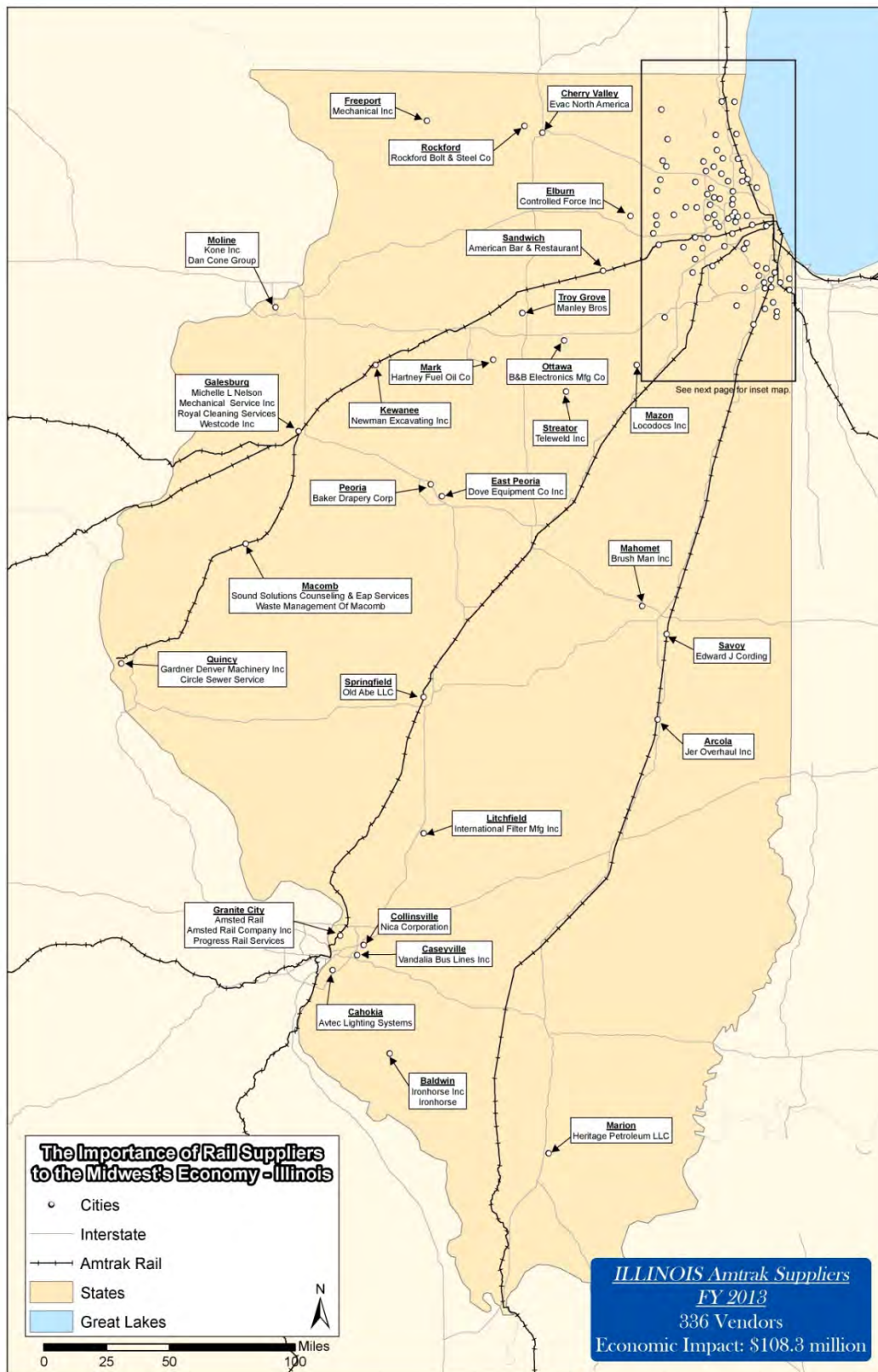
Ridership on the eight longer-distance Amtrak routes that serve the Midwest is growing, too, with an overall increase of seven percent over the past five years, and a 20 percent increase since FY 2004. Altogether, these routes – all originating out of the nation's largest rail hub, Chicago – have 80 station stops across the Midwest, many of them in rural communities not served by other forms of intercity transportation.

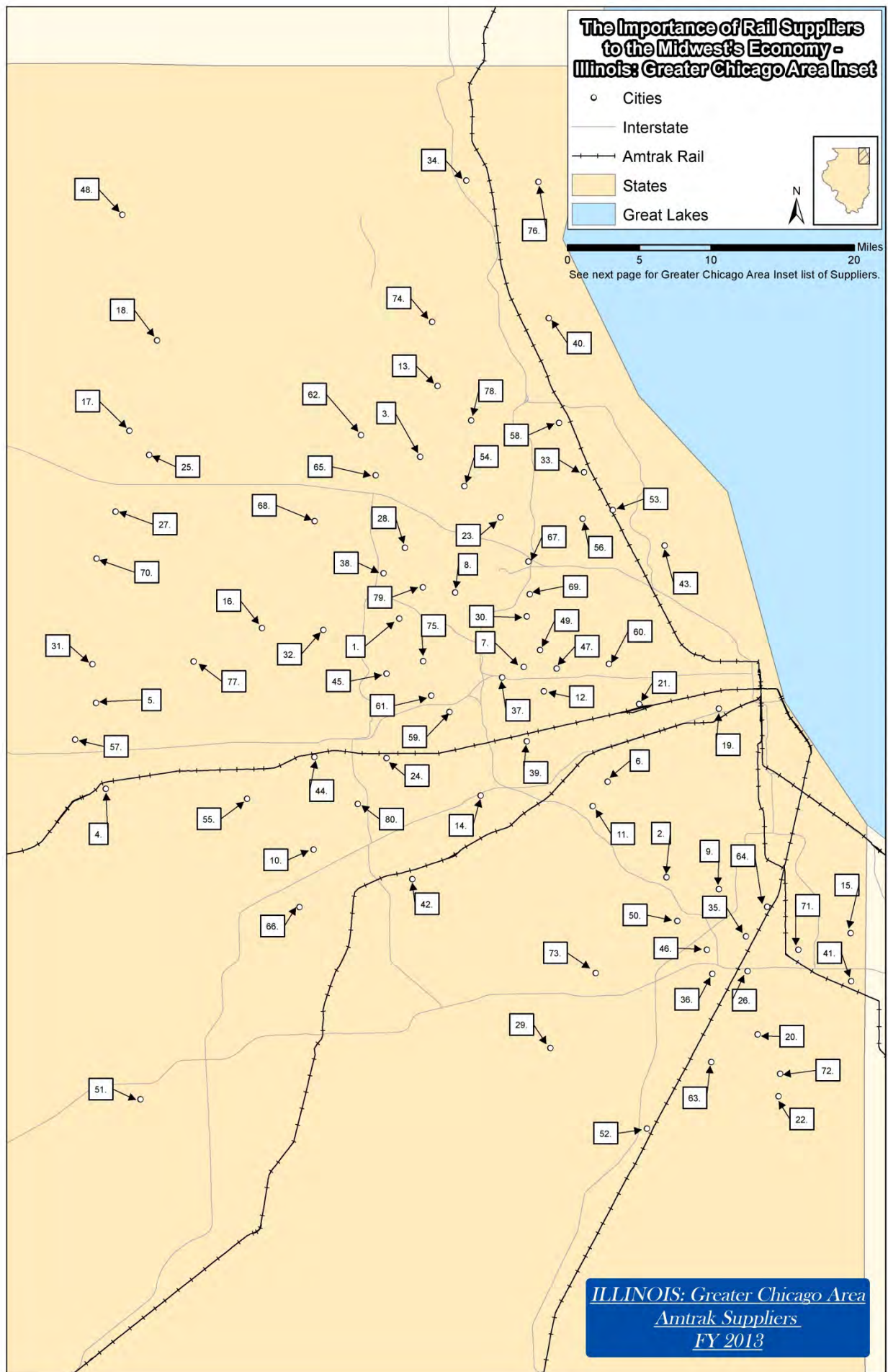


Every Midwestern state with passenger rail service benefits economically from contracts Amtrak maintains with local businesses. **During FY 2013, Amtrak had a total of 931 vendors in 11 Midwestern states (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio and Wisconsin). These vendor contracts resulted in an economic impact of more than \$282 million**, a significant growth from prior years. During the 10-year period between FY 2003 to FY 2013, there was a 200 percent increase in the amount Amtrak expended for goods and services in those 11 states.

Illinois

Amtrak contracted with 336 vendors in Illinois, with a total economic impact of more than \$108.3 million during FY 13. This represents a 154 percent increase from Amtrak's FY03 expenditures for goods and services in Illinois. The vendors were located all across the state, but there was a large concentration in the Chicago metropolitan area.

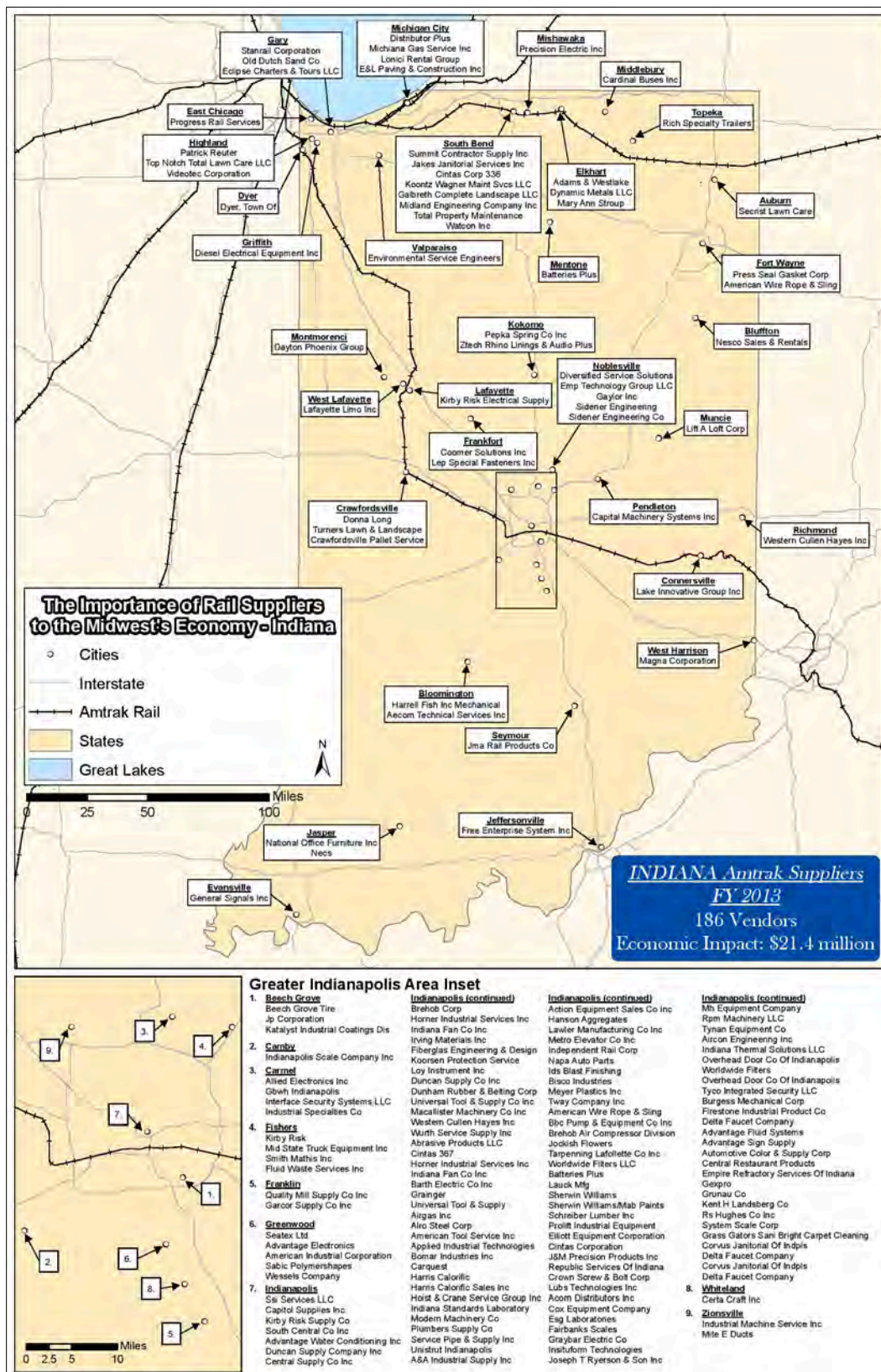




Greater Chicago Area Inset List of Amtrak Suppliers

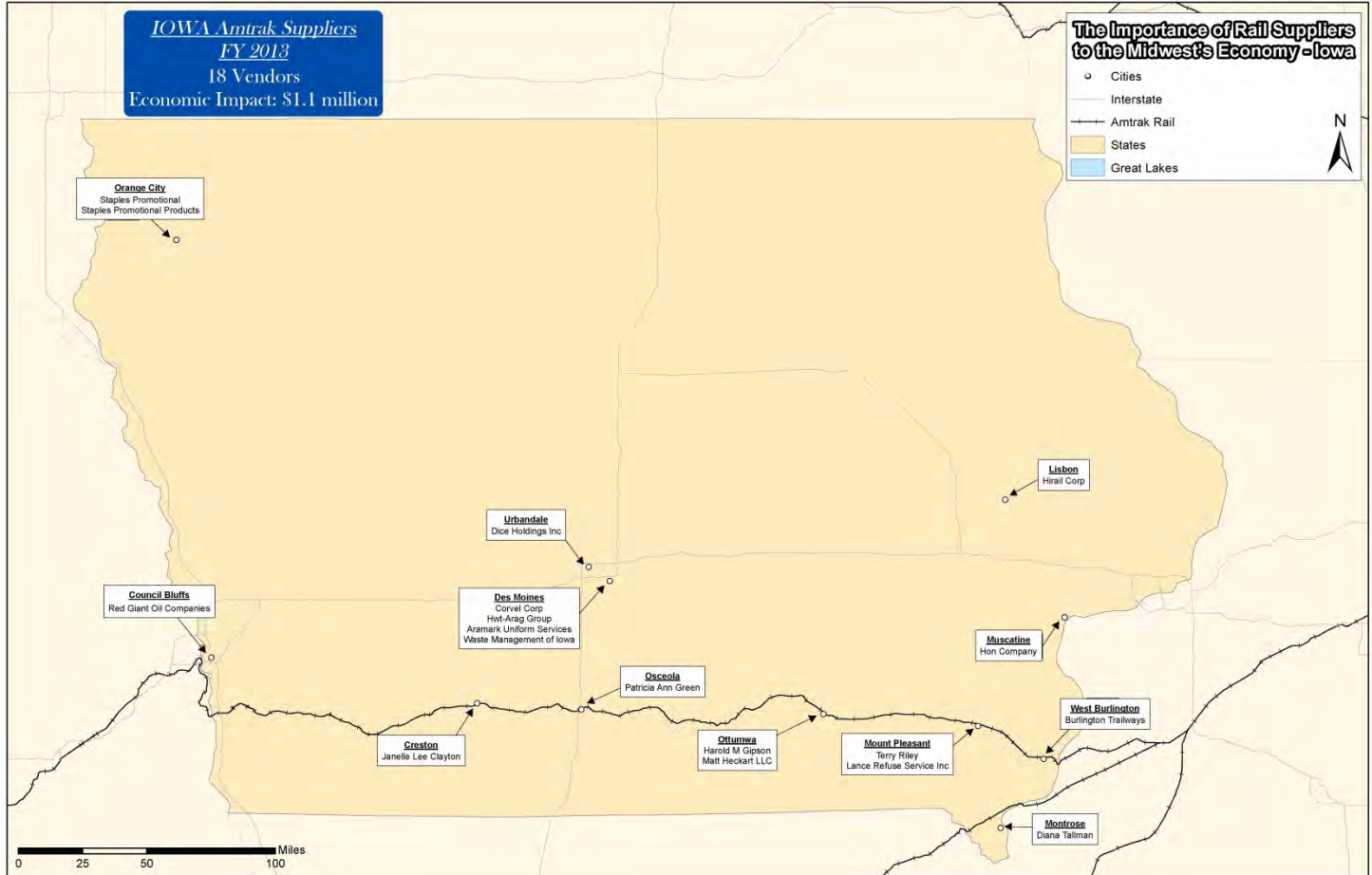
1. **Addison**
Dickson Co
Konecranes Inc
Overton Chicago Gear
Schreder Lighting LLC
2. **Alsip**
Ipr Systems Inc
Hp Products Corporation
Maurey Instrument Corp
Railhead Corp
Swanson Asphalt Co Inc
3. **Arlington Heights**
Hwt-Allied Services Division
4. **Aurora**
Lyon Workspace Products
5. **Batavia**
Family Dry Cleaners
6. **Bedford Park**
R&W Machine Division
7. **Bellwood**
Kustom Seating Unlimited Inc
8. **Bensenville**
Industry Railway Suppliers Inc
Ireco LLC
Triangle Engineered Products Co
9. **Blue Island**
Christy Webber Landscapes
10. **Bolingbrook**
Stevenson Sales & Service LLC
VM Tronix LLC
North America Charter Lines
11. **Bridgeview**
Manitex International
12. **Broadview**
Chicago Jack Svc Inc
Air Comfort Corp
Anderson Elevator Co
13. **Buffalo Grove**
Larry Mcgee Co
Siemens Industry Inc
Minors Unique Printing Inc
14. **Burr Ridge**
Energys
Seps Inc
15. **Calumet City**
D&C Roadside Assistance
16. **Carol Stream**
Precor Inc
AT&T
Sprint
Ricoh Americas Corporation
Waste Management Of Wisconsin
Palfleet Truck Equipment Co
West Payment Center
AT&T Mobility
17. **Carpentersville**
Otto Controls
18. **Cary**
Ross & White Co
19. **Chicago**
Kirby Sheet Metal Works Inc
Emerald Machine Inc
S&C Electric Co
Carrier Transicold
Nalco Co
Aetna Middletown Dcp
Htw-Aetna
John Deere Gov & Natl Sales
Snap On Industrial
Ansaldo Sts Usa
Mettler Toledo Inc
United Healthcare Insurance Co
Hwt-Aetna Life Insurance Company
Sabic Polymershapes
Sas Rubber Co
Tyco Electronics
Greyhound Lines Inc
Nortrax Inc
Pettibone Traverse Lift LLC
Ez Go A Textron Co
Sealeze
Schindler Elevator Corp
Electro Wire Inc
Cdw Government Inc
Iw Chemtronics
Beemak Plastics Inc
Badger Daylighting Corp
Pepsi Cola Co
Oasis International
Pac Van Inc
Dgi Supply A Doall Company
Peak Technologies Inc
National Railway Equipment
Rockford Bolt & Steel Co
Adams Elevator Equipment Co
Mercyworks Occupational Medicine Center
Daubert Chemical Co
Clements National Co
Whiting Services Inc
Voss Engineering Inc
Airgas Mid America
Mcmaster Carr Supply Co
Central Steel & Wire Co
Mcmaster Carr Supply Co
Mcme LLC
Lawson Products Inc
Capital Spring Division
Garda CI Atlantic Inc
Modular Space Corporation
Williams Scotsman Inc
Eis Inc
Oracle America Inc
Tennant
S&C Electric Co
Hewitt Associates LLC
Seton Identification Products
Seton Name Plate Co
Highway Technologies Inc
Staples Advantage
- Chicago (continued)**
Emedco
Evolution Sorbent Products
Amec Earth & Environmental Inc
Trustwave Holdings Inc
Miss Janney Elstner Associates
Collins Engineers Inc
Heidrick & Struggles Inc
Metropolitan Club At Sears Tower
Parsons Brinkerhoff Inc
Pc Mall Sales Inc
Treasury Strategies Inc
Urs Corporation
Grainger
Graybar
Holiday Inn Hotel & Suites
Murphy & Miller Inc
Columbia Pipe & Supply Co
Go Airport Express
Quality Electric Supply
Riteway Door Corp
Pili Lp
Anmar Foods Inc
Christy Webber Landscapes
Power Parts Sign Co
Evergreen Supply
Regal Services Inc
Inlander Brothers Inc
Wabtec Global Services
Heinlein Supply
Imperial Lighting Maintenance Co
Us Fire & Safety Equipment Co
Central Steel & Wire Co
Western Cullen Hayes Inc
Ercco Enterprise
Clements National Co
Daubert Chemical Co
Johns Plumbing Inc
Precision Screw Machine Co Inc
Boye Janitorial Service Inc
Dependable & Reliable Transportation Inc
Bell Fuels Inc
Labelmaster
Bears Mfg Co
Irma J Tours Inc
Jacobs Agency Inc
Msdonline
Lakeshore Managers LLC
Rob Bliss Creative
Ace Hose & Rubber Co
Electro Motive Diesel Inc
Aecom Consult Inc
Edward Don & Company
Alco Spring Industries Inc
Vapor Stone Rail Systems
Wabtec Global Services
Coverall North America Inc
Avery Dennison
Bunzl
Bunzl Philadelphia
Emcor Enclosures
Hanson Aggregates Inc
Ingersoll Rand Co
Ingersoll Rand Company
Mannington Mills Inc
Mergis Group
Office Team
Officeteam
Roto Rooter Plumbers
Siemens Industry Inc
Stantec Consulting Corporation
Zep Sales & Service
20. **Chicago Heights**
Alco Spring Industries Inc
21. **Cicero**
Parfait Gasana
22. **Crete**
Holland LP
23. **Des Plaines**
Parkway Metal Products Inc
A1 Sanitary Rag Co
Lecip Inc
24. **Downers Grove**
Column Technologies
Jp Simons & Co
Us Tank Protectors Inc
25. **East Dundee**
Terry Tool Machine Corp
26. **East Hazel Crest**
Meany Electrical Contractors
27. **Elgin**
Modern Track Machinery
28. **Elk Grove Village**
All State Industries Inc
Esco Equipment Service Co
Gfi Genfare
Libra Safety Products Division
29. **Frankfort**
Burris Equipment Co
G Cooper Oil Co Inc
Ozinga Ready Mix Concrete Inc
Paratech Inc
Phoenix Fire Systems Inc
30. **Franklin Park**
Semler Industries Inc
Divane Bros Electric Co
31. **Geneva**
Miner Enterprises Inc
32. **Glendale Heights**
Busch Inc
33. **Glenview**
Valdes Enterprises Inc
34. **Gurnee**
Olson Transportation Inc
United Atlas Propane
35. **Harvey**
Voss Equipment Inc
36. **Hazel Crest**
D&C Charter Bus Company
37. **Hillside**
Suburban Laboratories Inc
Mechanical Inc
Wlpeco Inc
38. **Itasca**
Western Folder Distributing Co
National Trackwork Inc
United Steel & Fasteners Inc
39. **La Grange**
Electro Motive Diesel Inc
40. **Lake Forest**
Kor Pak Corp
41. **Lansing**
Frank H Gill Co
Hotsy Great Lakes Distributing
42. **Lemont**
American Concrete Restorations Inc
43. **Lincolnwood**
Voss Engineering Inc
44. **Lisle**
Patrick Engineering Inc
Ducall Miller Plastics Co Inc
45. **Lombard**
Anderson Pump & Process
46. **Markham**
Reyes Group Ltd
47. **Maywood**
American Waste Industries
48. **McHenry**
Omni Products Inc
49. **Melrose Park**
Royal Pipe & Supply
Royal Pipe & Supply Co
50. **Midlothian**
Quimex Chemicals & Solvents
51. **Minooka**
Elcon Inc
52. **Monee**
Triton Manufacturing Company
Whiting Corp
Whiting Corporation
Whiting Services Inc
53. **Morton Grove**
Environmental Monitoring & Technologies
54. **Mt Prospect**
Morton Suggestion Co
Warehouse Direct
55. **Naperville**
Innovative Boiler Systems Inc
Ronald L Bickel
Alstom Train Life Services
Ccs/R&J Construction Supply Co
Nalco Co
56. **Niles**
Adams Elevator Equipment Co
57. **North Aurora**
Belson Outdoors Inc
58. **Northbrook**
Morgan Kai Group Inc
Silos To Service Solutions Inc
59. **Oak Brook**
Doubletree Hotel Oak Brook
60. **Oak Park**
Traintronix
Traintronix Inc
61. **Oakbrook Terrace**
Flood Brothers Disposal
Grant Thornton LLP
62. **Palatine**
Grainger
Vw Grainger Inc
Msc Industrial Supply Co
Simplex Grinnell LP
Praxair
Barnes Distribution
Stanley Convergent Security
Stanley Security Solutions Inc
Karcher North America Inc
Austin Hardware & Supply Inc
Atlas Copco Compressors LLC
Newark
Dish Network
Stanley Convergent Security Sol
Schneider Electric Usa Inc
63. **Park Forest**
General Fabricating & Engr Co
64. **Riverdale**
Atherton Foundry Products Inc
65. **Rolling Meadows**
Berg Engineering & Sales Co Inc
66. **Romeoville**
Protection One
67. **Rosemont**
Travelport Lp
68. **Schaumburg**
Convergent Technologies LLC
Kato Usa Inc
Motorola Inc
Motorola Inside Sales
Motorola Solutions Inc
69. **Schiller Park**
Atlas Lift Truck Rental & Sales
Brunswick Corporation Life Fitness
70. **South Elgin**
Ontrak Equipment Repair Inc
Bremskerl North America Inc
71. **South Holland**
Hadady Corporation
72. **Steger**
Lawrence Ricci
73. **Tinley Park**
Roof Consultants Inc
S&C Distribution Co
Interstate Battery Of Chicago
74. **Vernon Hills**
Davis Instruments
Overture Premiums & Promotions
75. **Villa Park**
Highway Technologies
76. **Waukegan**
Aldon Co Inc
Aldon Company Inc
Uline Inc
77. **West Chicago**
Anchor Brake Shoe Company
78. **Wheeling**
Midland Paper Packaging & Supplies
Sigma Coachair Group
Therm Flo Inc
79. **Wood Dale**
Industrial Tool Products Inc
80. **Woodridge**
Eesco A Division Of Wesco

During FY 13, there were 186 Amtrak vendors in the state of Indiana. These vendors' contracts had a \$21.4 million economic impact on the state. Amtrak's Indiana expenditures for goods and services grew 85 percent during the 10-year period between FY03 and FY13. Similar to Illinois, Indiana's vendors were located throughout the state, but there was a concentration in the Greater Indianapolis area.



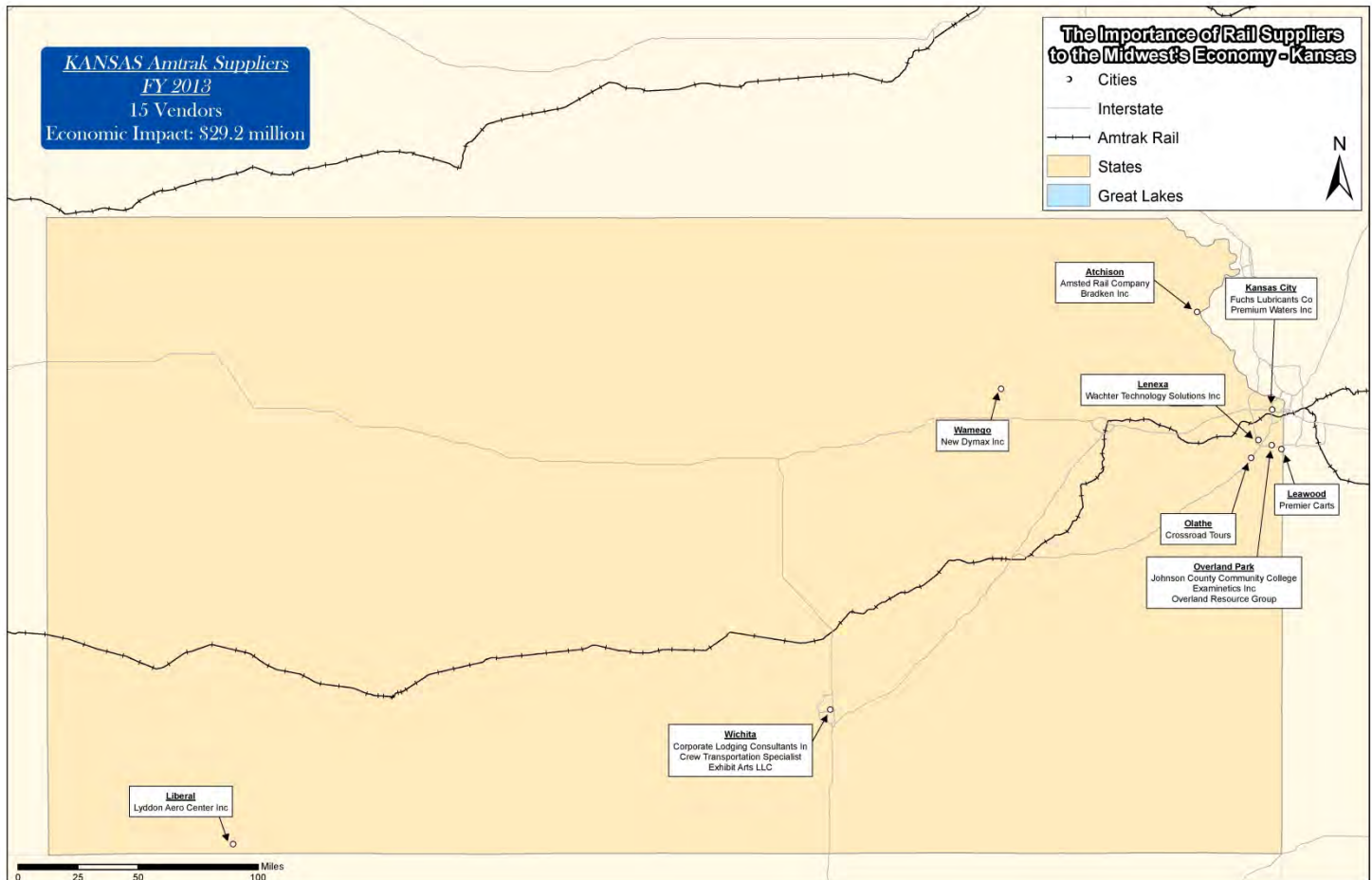
Iowa

In Iowa, Amtrak maintained 18 vendor contracts during FY 13, which had a total economic impact of more than \$1.1 million in Iowa during the fiscal year. That is four times greater than Amtrak's FY 03 expenditures for goods and services (\$237,199) in the state.



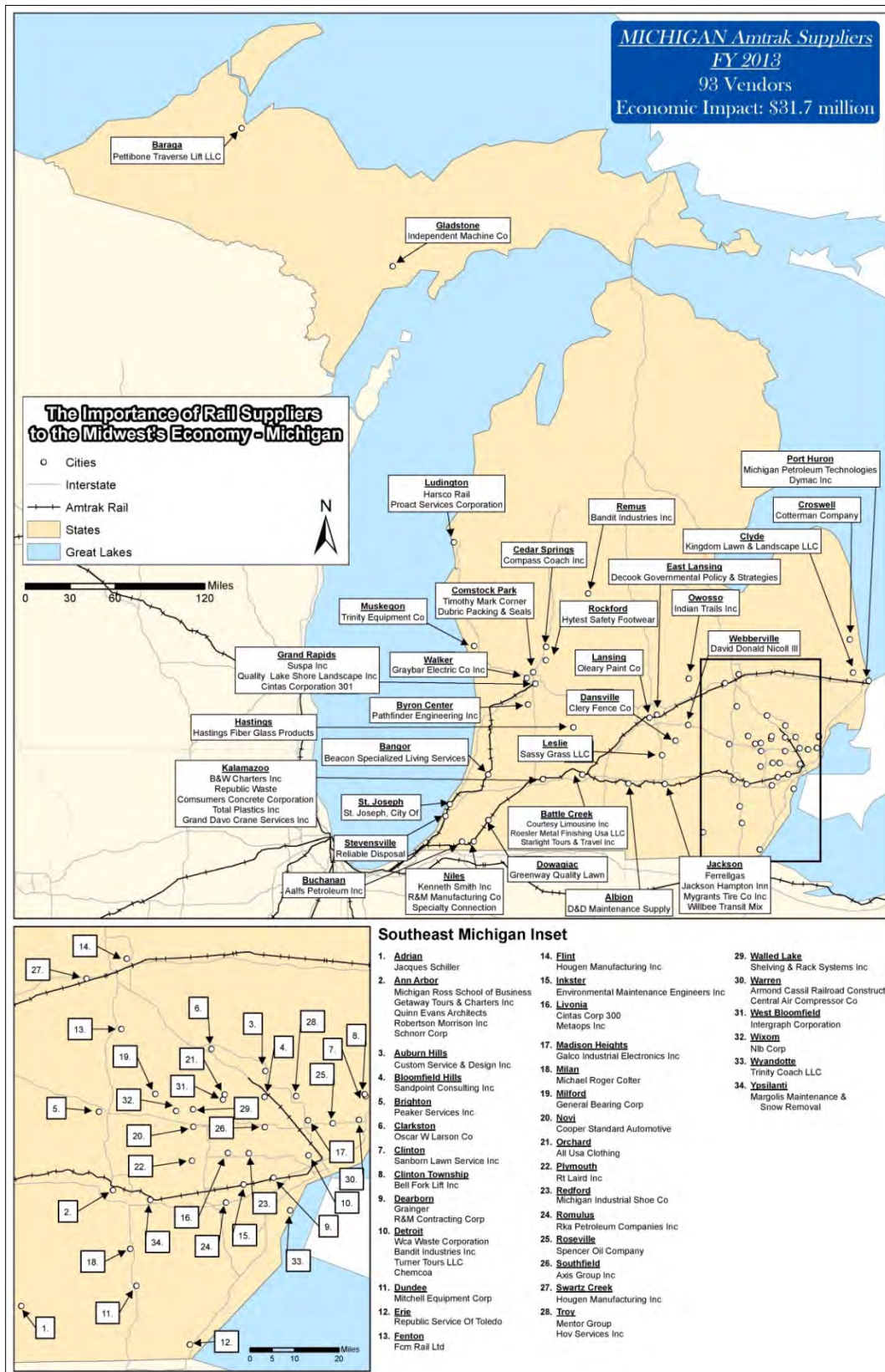
Kansas

During FY 13, Amtrak contracted with 15 vendors in the state of Kansas. These vendors' contracts had a \$29.2 million impact on the state. Amtrak's Kansas expenditures for goods and services grew 87 percent in the 10-year period between FY03 and FY13.



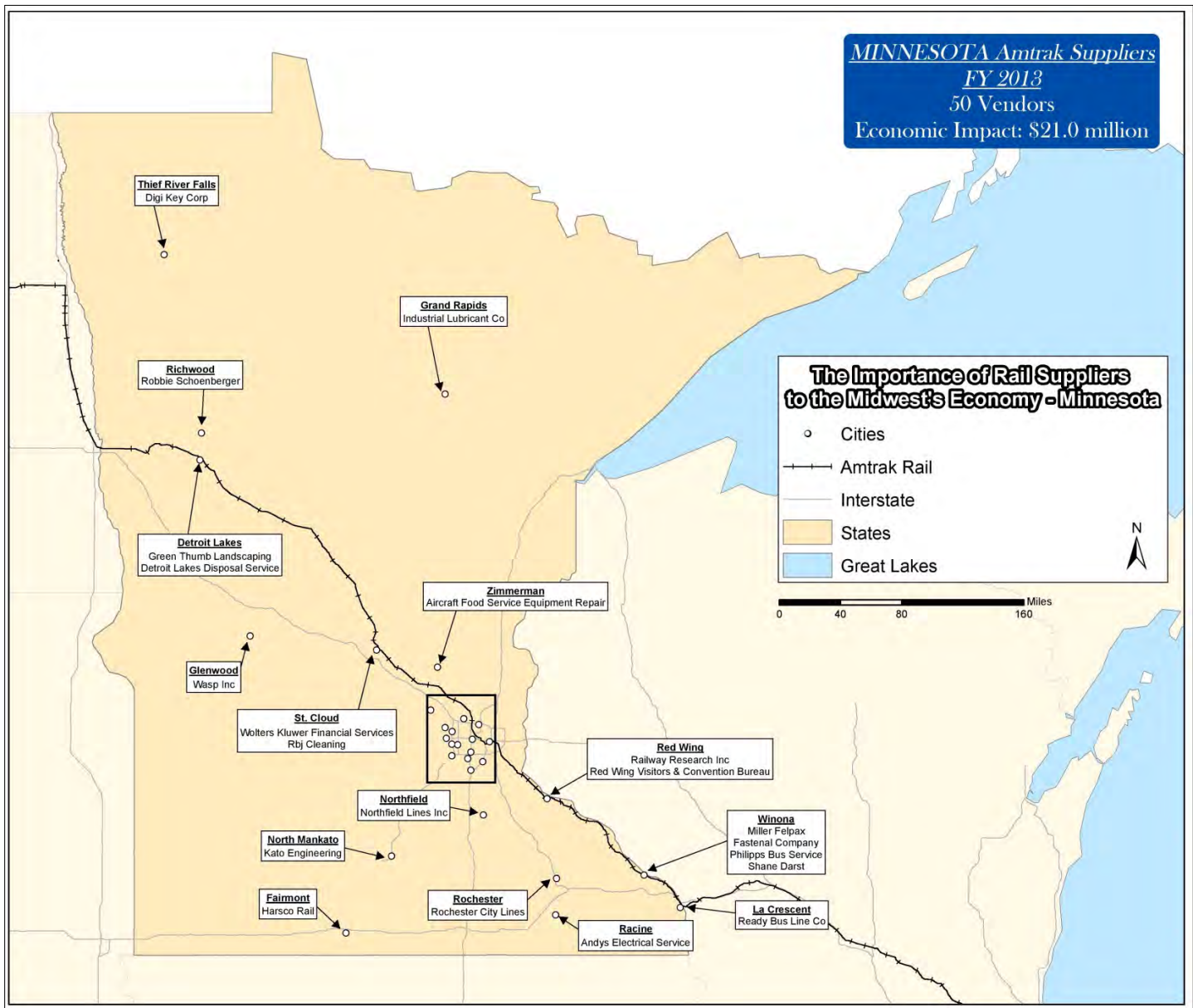
Michigan

Amtrak contracted with 93 vendors in Michigan, for a total economic impact of more than \$31.7 million in FY 13. That represented a \$29 million increase over FY 03. A large number of vendors are located in the southeast region of the state.

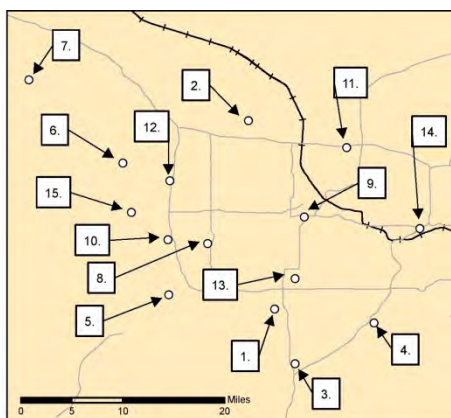


Minnesota

Amtrak contacted with 50 vendors in the state of Minnesota, with a total economic impact of \$21 million. Amtrak's FY 13 expenditures in the state represented a nearly \$19 million increase since FY 03. The vendors are located across the state, but there is a large concentration in the Twin Cities area.

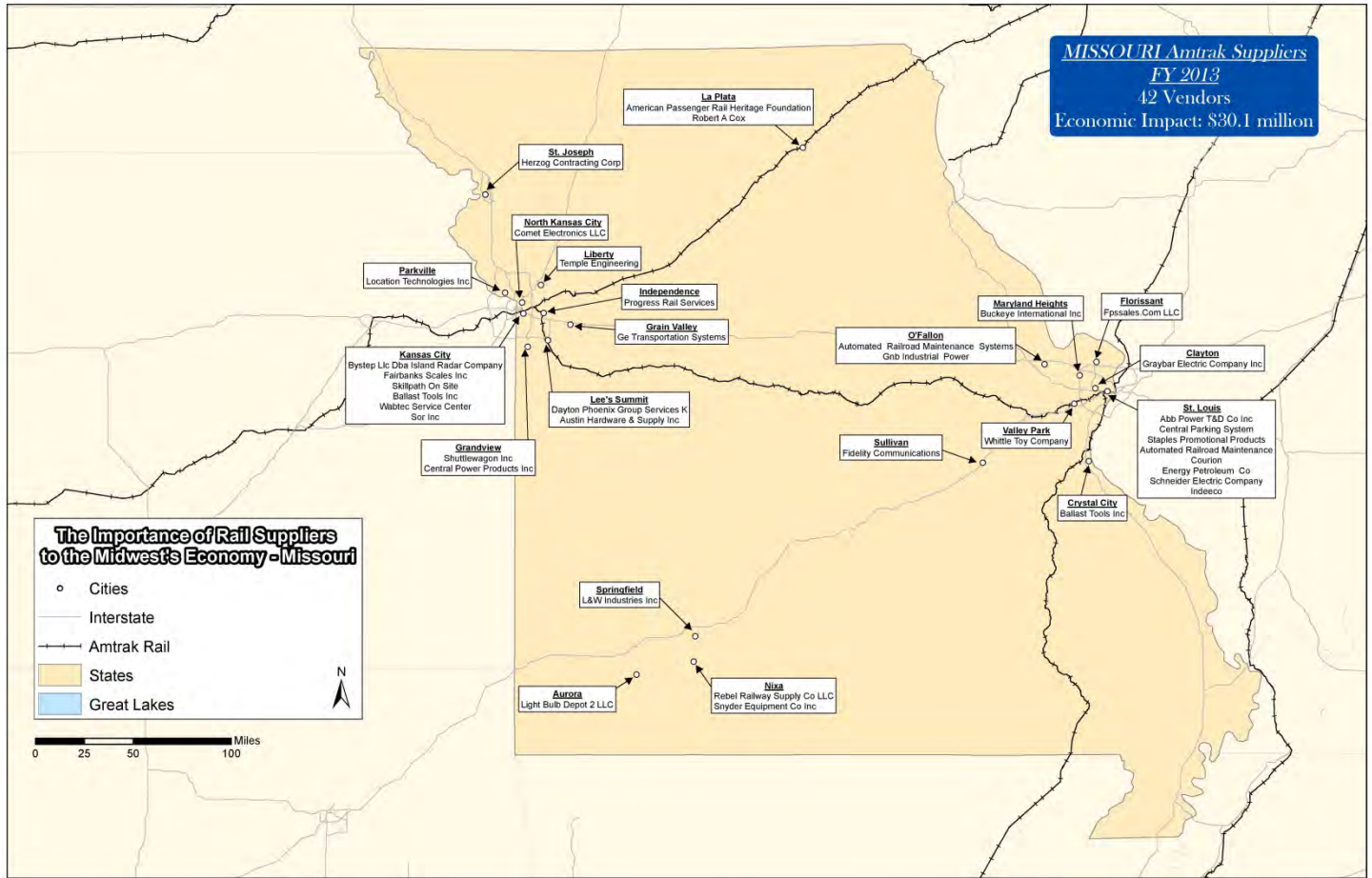


Greater Minneapolis Area Inset



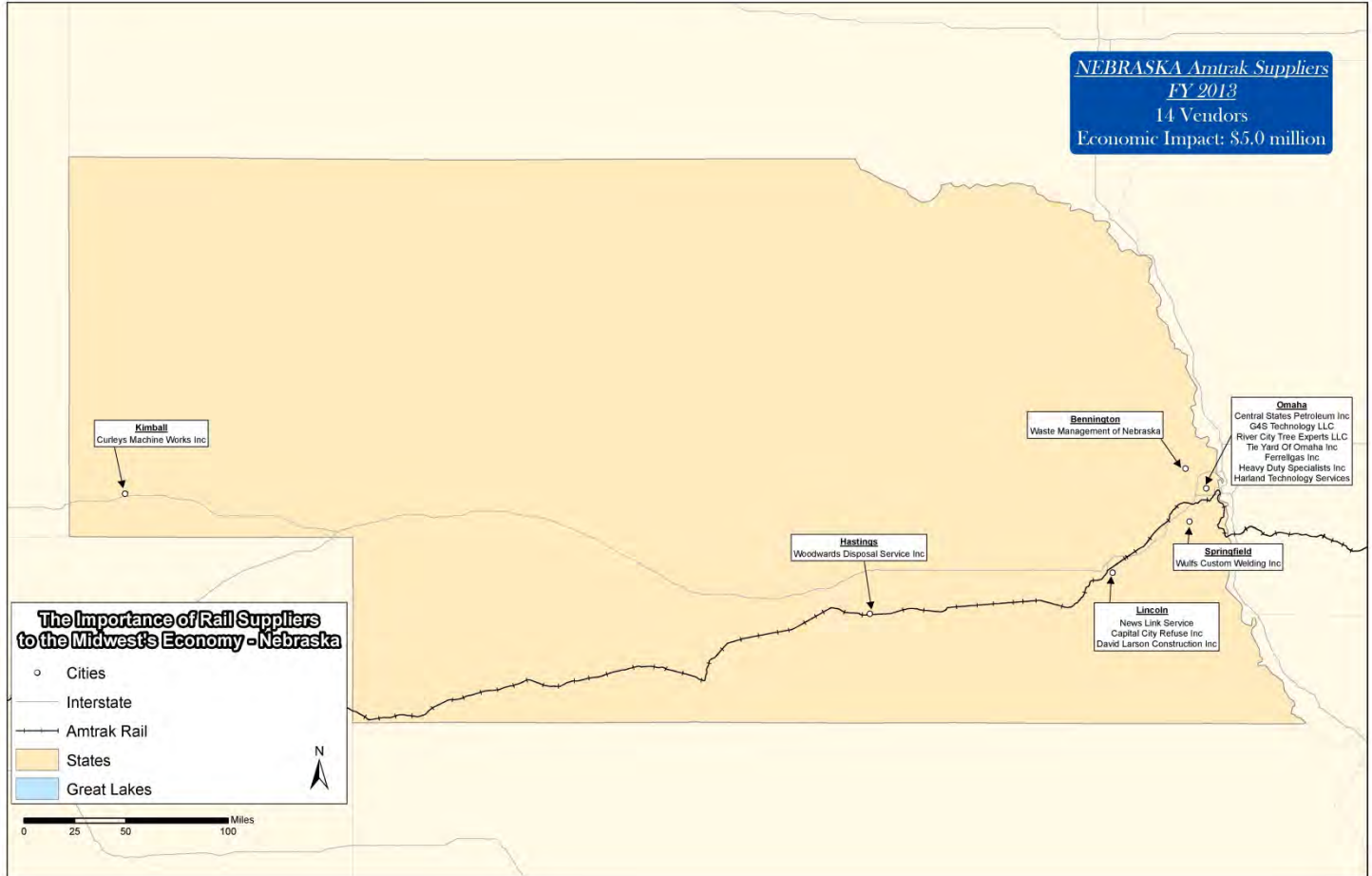
- Bloomington**
Richfield Bus Company
- Brooklyn Park**
Culligan Soft Water Service Co
- Burnsville**
Kully Supply Inc
- Eagan**
Cardsource, Thomson West
- Eden Prairie**
Travel Franchise Group
- Hamel**
Loram Maintenance Of Way Inc
- Hanover**
Horizons LLC
- Hopkins**
Brandpoint
- Minneapolis**
Tennant, Sunsource Technologies, Dc Group Inc, Olson & Co Inc, Jefferson Lines, Pace Analytical Services Inc
- Minnetonka**
G&K Services Inc
- New Brighton**
Accustream Inc
- Plymouth**
Railway Equipment Co, Circle C Products
- Richfield**
Best Buy Co Inc
- St. Paul**
Minnesota Life, Tkda & Associates, Ecolab Inc, Vormela Specialty Company, Dynamic Air Conveying Systems, Rustad & Associates Inc, Printware LLC
- Wavzata**
Lewis Bolt & Nut Co

Amtrak contacted with 42 vendors in Missouri, for a total economic impact of \$30.1 million during FY13. Since FY 03, Amtrak increased its Missouri expenditures by more than \$28 million. The majority of vendors are located in the Kansas City and St. Louis areas.



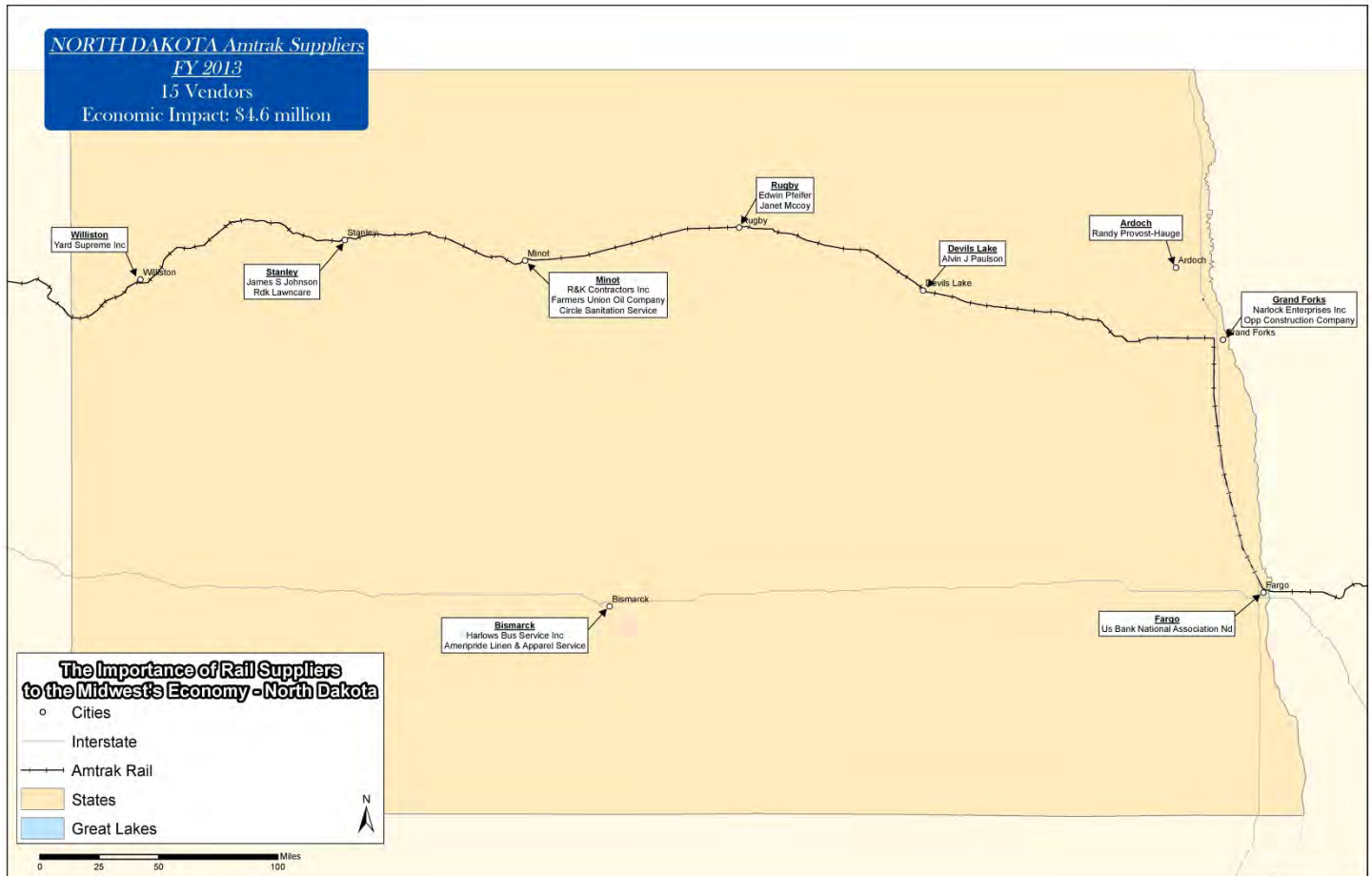
Nebraska

In Nebraska, during the 10-year period since FY 03, Amtrak went from expending less than \$100,000 annually in vendor contracts to more than \$5 million. During FY13, Amtrak contracted with 14 vendors in the state, with most vendors located in Lincoln and Omaha.

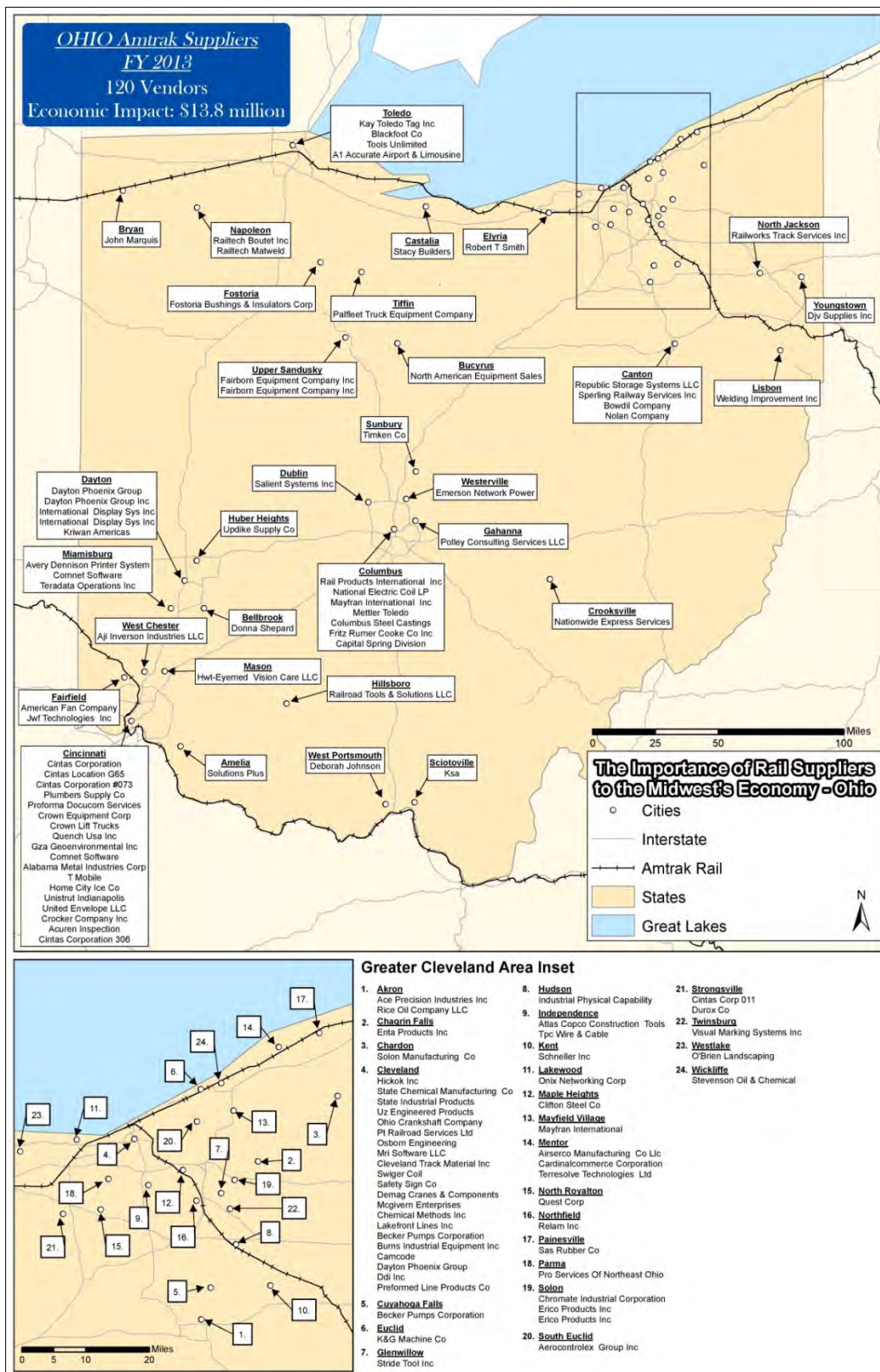


North Dakota

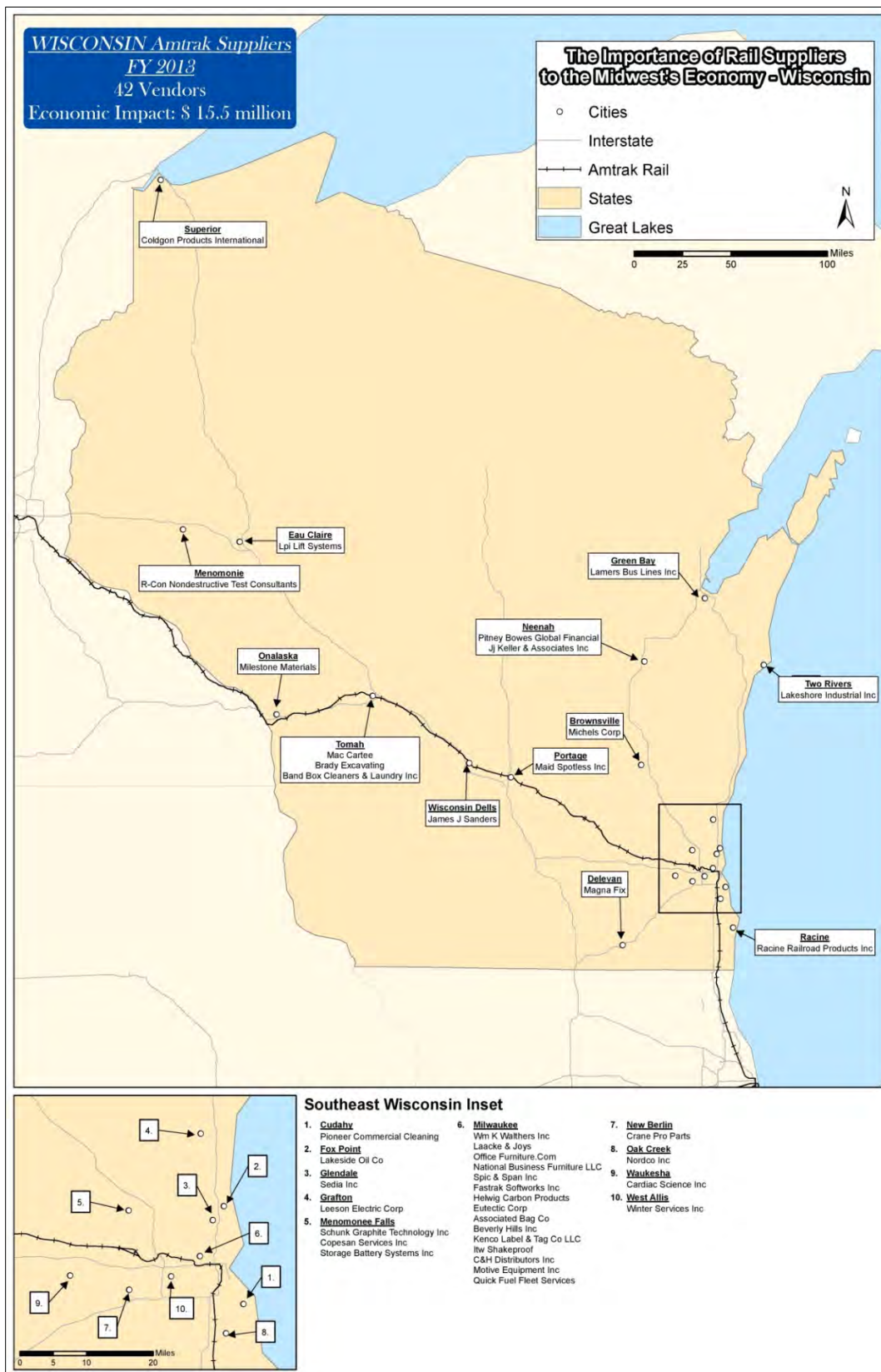
During FY 13, Amtrak contracted with 15 vendors in North Dakota for a total economic impact of more than \$4.6 million. The growth in economic impact since FY 03 is almost 100 fold, as Amtrak expended less than \$50,000 on North Dakota vendor contracts in FY03. All but two vendors are located directly alongside the rail line that carries Amtrak's *Empire Builder* service through the state.



During FY 13, Amtrak contracted with 120 vendors in Ohio, which gave a \$13.8 million boost to the state's economy. This represents a 37% increase from Amtrak's FY 03 expenditures for goods and services in Ohio. Cincinnati, Columbus and the Greater Cleveland area had the most vendors, but others are spread throughout the state.



During FY 13, Amtrak contacted with 42 vendors in Wisconsin for a total economic impact of \$15.5 million. Amtrak has more than doubled its expenditures for goods and services in the state since FY 03. Southeast Wisconsin had the greatest concentration of vendors, with others scattered along the state's Amtrak line and throughout other parts of the state.



Case Study: St. Paul Union Depot in Minnesota

As passenger rail remains an affordable, popular option for both shorter and long-distance travel, regions with rail hubs will likely continue to make investments to modernize their stations and tracks. In May 2014, thanks to extensive renovations, Minnesota's Union Depot in St. Paul welcomed a passenger train back to the station for the first time in 43 years. Amtrak's *Empire Builder* service now includes a stop at Union Depot as it makes its 46 hour journey between Chicago and Oregon.

Union Depot, which started going into disrepair in the early 1970s, required millions of dollars in renovations before it became a working passenger train station again. A number of contracts were issued for various components of the project, such as construction, design, and signal and track maintenance. In addition to spurring economic growth in St. Paul and the surrounding area, the Union Depot project provided contracts for hundreds of firms from other parts of the country. According to a June 2014 study by Good Jobs First, a non-partisan group based in Washington DC, the restoration created over 660,000 hours of work for about 2,000 workers in at least 13 different trades. As part of the reconstruction project:

- BNSF Railway Co., which had a \$2.3 million construction contract, subcontracted with Progress Rail and United Signal from **Wisconsin**.
- Five **Minnesota**-based suppliers – EVS Engineering, Rock on Trucks, Yaw Construction Group, Meyer Contracting, and RailWorks – were awarded more than \$2.5 million in contracts.
- Union Pacific Railroad, headquartered in Omaha, **Nebraska**, received more than \$3.2 million in construction and design contracts.

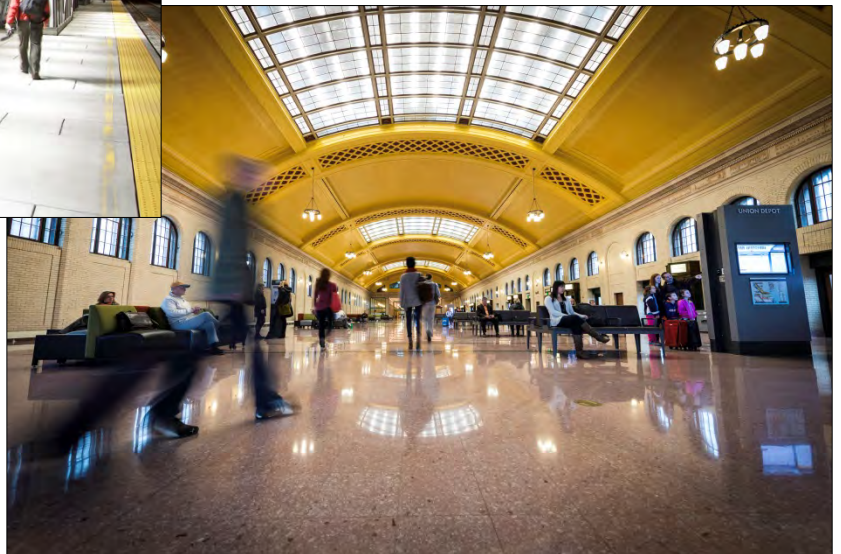
Officials involved in the Union Station project hope to add a second daily train to Chicago and are looking at increasing local passenger-rail services. A long-term goal to create a high-speed passenger-rail line to Chicago is also in the planning stages. These projects will require additional construction and renovation of the stations' tracks.



Above: *Empire Builder* rolls into the station.

Right: Passengers take advantage of Union Depot's newly renovated waiting room.

Photos courtesy of Ramsey County Regional Railroad Authority.



Case Study: Bi-Level Passenger Railcar Manufacturing

Manufacturing passenger rail equipment has economic impacts not only for the company awarded the contract, but for many other rail suppliers. In September of 2012, Nippon Sharyo based in Rochelle, Illinois was awarded a \$352 million contract to assemble 130 bi-level passenger rail cars for Amtrak's Midwest and California corridors. The Federal Railroad Administration funded the purchase of the railcars, with a requirement that 100 percent of the components be American-made.

To meet that demand, Nippon Sharyo built a \$100 million addition to their existing facilities and added 90 new manufacturing jobs. The Illinois Department of Transportation ordered another 34 cars from Nippon Sharyo, for a total addition of 122 next generation railcars to the Midwestern Amtrak fleet. This will allow all existing Midwestern corridor service routes to be equipped with new railcars.

The total economic impact of this manufacturing project reaches much farther than Rochelle, Illinois. Nippon Sharyo is subcontracting with suppliers across the Midwest and the nation for many of the more than 100 components needed to build the trainsets. According to Joseph Szabo, former administrator of the Federal Railroad Administration, the Midwest has more rail suppliers than any other region. For example, for the manufacturing of these bi-level passenger rail cars:

- Mitsubishi Electric Power Products, Inc. from Grafton, **Wisconsin** was tasked with building auxiliary AC motors
- Kustom Seating Unlimited, Inc. and Strut & Supply, Inc. from **Illinois** received contracts for seating and table components
- For the train floors: **Wisconsin**-based GSI EXIM America, Inc. will build the composite floor panels; The RCA Rubber Company from **Ohio** will supply the rubber floor coverings; and Narita Mfg., Inc. from **Illinois** is manufacturing wiring harnesses
- Oshitani America Inc. and Fabrication Specialties, Inc. from **Illinois** were chosen as suppliers for the carbody insulation
- Faiveley Transport/North American Specialty Glass will be producing the train's window gaskets at their Painesville, **Ohio** location
- **Minnesota**-based ISC Applied Systems Corp. is the provider of communication equipment such as the PA system.

Columbus Steel Castings in **Ohio** received a \$23 million contract, the largest order in the company's history, to build the train's undercarriages. Joseph Haviv, Columbus Castings' chairman, said the company's contract with Nippon Sharyo will create approximately 80 new jobs in the company.

Conclusion

Continued development of the nation's passenger rail system has resulted in a huge economic boost for our Midwestern states. From the hundreds of vendors annually helping to keep Amtrak service running, to suppliers producing components for new train cars, the renovation of existing stations and the building of new ones, as well as the upgrading of hundreds of miles of track, businesses from all across the region have benefited directly from expansions in passenger rail.

Many developments have been made in recent years and there is still room for growth. Whether it be adding another train from St. Paul to Chicago or continuing to increase Amtrak's fleet of rail cars, there are plenty of opportunities for the passenger rail industry to grow, and the Midwest's economy to grow along with it.