Passenger Rail Connections Would Generate Savings, Productivity Increases

OrthoWorx Study Finds Total $160 Million Potential Impact

Warsaw, Ind., February 25, 2011 – OrthoWorx, a community-based group focused on leveraging the strengths represented by the Warsaw-based orthopedic industry cluster, today released the findings of a study commissioned to evaluate the potential impact of passenger rail service between Warsaw and Chicago’s O’Hare International Airport.

“One of the challenges associated with operating global businesses from Warsaw is the difficulty involved with travel,” said Brad Bishop, OrthoWorx Executive Director. “Our study found that the orthopedic industry cluster generates nearly 40,000 individual travel segments each year as employees travel to visit customers, meet with universities and institutions around the world for collaborations, and to visit other company plants and facilities. That means, every week, hundreds of employees begin a business trip with either a lengthy drive to a hub airport or with a shorter but still time-consuming drive to a smaller airport, where they hope to make their connection to another flight at a major hub.”

Totaling the potential economic impacts of passenger rail, including the value represented by time savings, productivity increases and additional economic activity in the region, the OrthoWorx study found the potential for a total impact to the region over 20 years of as much as approximately $160 million. In addition, a 2006 study estimated a $35 to $53 million increase in property values in the Warsaw region as a result of high speed rail.

“We believe these findings underscore the importance of our region and industry working with the State of Indiana and other stakeholders to improve accessibility for those who commute and engage in business travel in northern Indiana,” said David Floyd, Worldwide President of DePuy Orthopaedics Inc., a Johnson & Johnson Company, and chair of the OrthoWorx Transportation and Logistics Initiative. “By itself, the economic impact on the orthopedic industry cluster may not justify a large investment by the State in passenger rail, but it does suggest that it is worthwhile to evaluate the total potential...
impacts along a route that would link Fort Wayne and Chicago, including Warsaw. We intend to reach out to others who may be aligned with our position and to continue our dialogue with the State of Indiana regarding the importance of connecting our industry and region with the rest of the world.”

Because of the existing unpredictability associated with traffic, weather and commuter air travel, the OrthoWorx study estimates that a High Speed Rail connection to Chicago would save between an estimated 770,000 and 1.1 million person-hours of travel time for orthopedic industry business travelers, clients, and business partners over 20 years. When monetized, this generates between $32.2 million and $44.6 million in travel-time savings (real 2009 dollars) over the same period, depending on the HSR’s final destination in Chicago (Union Station or O’Hare).

The same survey and analysis estimates additional productivity of between 932,000 and 1.1 million person-hours over 20 years, depending on alignment. When monetized, this translates to between $39.0 million and $46.1 million in productivity benefits (real 2009 dollars) over the same period.

The benefits extend to the rest of the economy as well, producing indirect and induced impacts, according the study. Using an input-output model specific to Kosciusko County and the state of Indiana, these impacts are estimated to range between $62.7 million and $69.0 million in induced and indirect impacts on the county and state economy over 20 years. The same input-output analysis estimates a jobs impact between 649 and 790 person-years of employment over 20 years, or the equivalent of supporting 33 to 39 additional jobs per year, on average. The total economic impact, measured in terms of the value of products and services sold, on the orthopedics industry, as well as other local and regional businesses is estimated to be between $133.0 and $160.5 million over 20 years, depending on the HSR’s final destination in Chicago (Union Station or O’Hare). In addition, a 2006 study an estimated $35 to $53 million increase in property values in the Warsaw region as a result of high speed rail.

One qualitative finding of the report was the observation that passenger rail would increase the labor pool available to the orthopedic industry, both by enabling more predictable travel among major destinations and by minimizing the impression of the region as geographically isolated.

Floyd said that in addition to its plan to continue exploring potential passenger rail connections, OrthoWorx is using data generated by the rail study to support an inquiry into the feasibility of an air charter shuttle based at the Warsaw airport. Such a shuttle could connect Warsaw with O’Hare or other key hubs, allowing travelers to transfer to a commercial airline when they reach the major airport.

The OrthoWorx study was conducted in 2010 by Parsons Brinckerhoff, a globally recognized travel consulting firm that is active in many high speed rail and other significant infrastructure projects around the world. The full report from the study is available at www.orthoworxinindiana.com/railstudy.
About OrthoWorx
OrthoWorx (www.orthoworxindiana.com) is a Warsaw-based, industry, community and education initiative established to advance and support growth and innovation within the region's uniquely concentrated, globally significant orthopedics device sector. Funded in part by the Lilly Endowment, OrthoWorx was founded in 2009 out of a comprehensive study conducted by BioCrossroads. The initiative engages and enhances the broader community interests that both serve and depend upon the sector's continued growth by targeting an integrated set of educational, workforce, cultural, communication, branding, logistical and entrepreneurial efforts.