

Commuter Rail Expansion and Transit Oriented Development in Northwest Indiana

Northwest Indiana Regional Development Authority



NW INDIANA'S MOST TRANSFORMATIVE PROJECT

NWI HAS LAGGED NATION AND STATE IN GROWTH FOR 50 YEARS

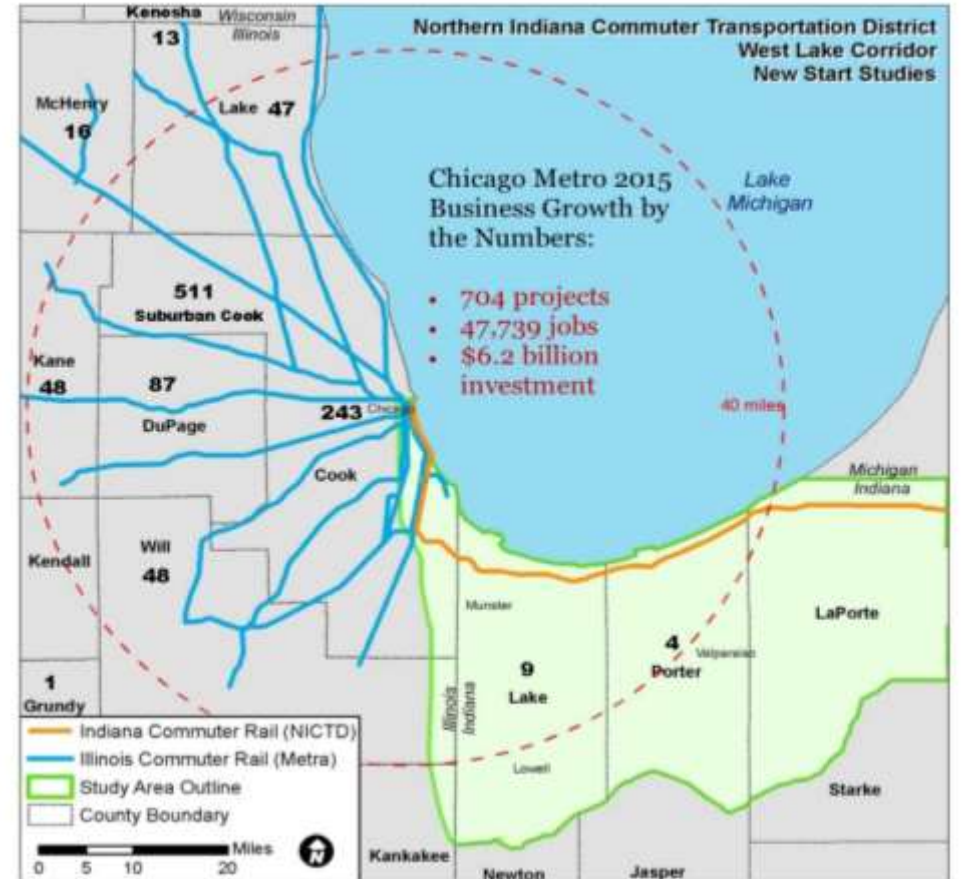
- The Metra system in Chicago (blue) has 490 miles of commuter rail. Indiana (yellow) has about 90 miles.
- This limits access to the Chicago job market and discourages new residents.
- Population in suburban Chicago counties grew 226% between 1970 and 2015. Northwest Indiana had a 4% population increase.
- Household incomes are also much higher on the Illinois side of the border.



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STATE AND LOCAL LEADERS IDENTIFIED CONNECTIVITY AS A BARRIER TO GROWTH

- The Chicago Metro area has been ranked as the top metro for new business starts, business relocations and business expansions by Site Selection magazine for the past several years.
- Despite NWI's proximity, better business climate and lower taxes, lack of connectivity means we attract much fewer projects than the Illinois side of the metro area.
- In 2015, Lake and Porter counties in Indiana had a combined 13 business deals, the same as distant Kenosha, WI.



THE WEST LAKE & DOUBLE TRACKING PROJECT

TRANSFORMING THE SOUTH SHORE LINE INTO A MODERN COMMUTER RAIL SERVICE

- **West Lake:** Establish commuter rail service between Dyer, Indiana and Millennium Station in Chicago, with a new Gateway Station in Hammond and additional stations in South Hammond, Munster and Dyer.
- **Double Tracking:** Extend parallel tracks from Gary to Michigan City to allow for express routes and increased reliability. Install high level platforms at all stations to reduce boarding times. Re-route tracks in Gary, South Bend and Michigan City to speed up commuting times.



STATE & LOCAL SELF HELP - FUNDING

THE STATE OF INDIANA AND 20 COMMUNITIES HAVE ALREADY COMMITTED MORE THAN \$500 MILLION TO WEST LAKE AND DOUBLE TRACKING

- The State of Indiana recognized the need to transform the economy of Northwest Indiana and approved an unprecedented \$360 million to support West Lake and Double Tracking – the largest investment in commuter rail ever made in Indiana.
- 16 cities and towns, and four counties have pledged more than \$160 million in additional funding for West Lake and Double Tracking. Never before in Indiana history have so many communities come together to support a project.

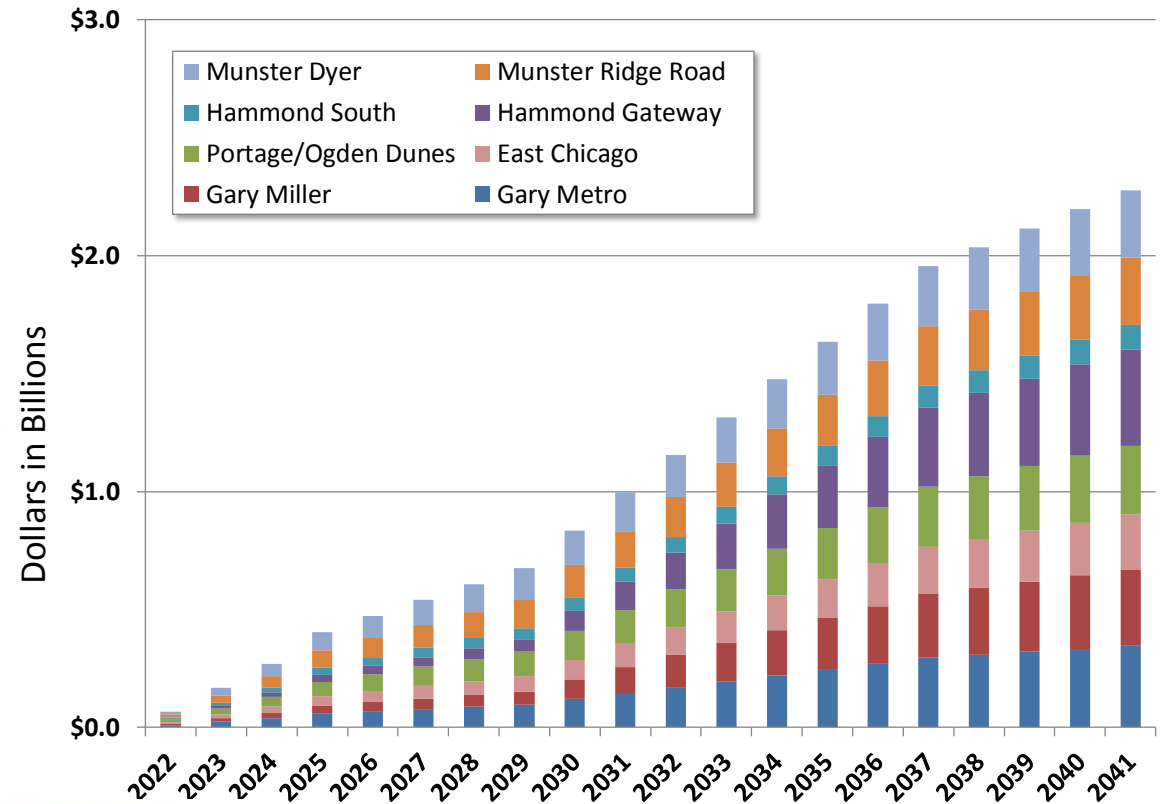


LEVERAGE OF PRIVATE SECTOR INVESTMENT

\$2.3 BILLION IN PRIVATE DEVELOPMENT

- Improved rail connectivity increases demand for office, retail and residential uses across the region.
- Projected station area plans were developed for eight stations along the West Lake and South Shore rail lines.
- These plans estimate \$2.55 billion in capital investment over a 20-year timeframe. About \$2.3 billion is private investment.

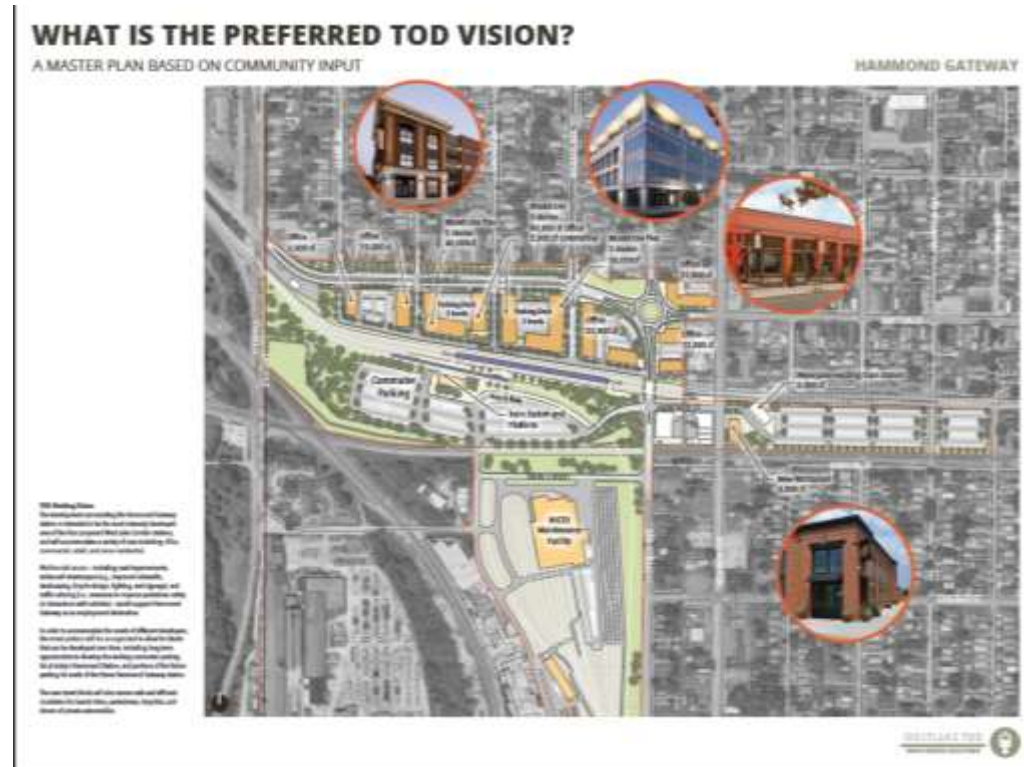
Estimated Cumulative Station-Area Development Spending



LEVERAGE OF PRIVATE SECTOR INVESTMENT

MARKET SOUNDING INITIATIVE

- To gauge private developer interest in transit oriented development in Northwest Indiana, RDA engaged KPMG to perform a market sounding to:
 - Provide the market with information about rail and TOD projects in Northwest Indiana.
 - Obtain feedback on the optimal financial and commercial structures to maximize interest in the projects.
 - Obtain feedback to further inform the evaluation of delivery options and financing strategies.



LEVERAGE OF PRIVATE SECTOR INVESTMENT

MARKET SOUNDING FINDINGS

- Significant market interest in all elements of the project
- Certainty of rail delivery/operations is vital to real estate investment
- Comprehensive strategy across all station areas is vital to de-risking the project, including financial and non-financial risks
- Combining West Lake Corridor and South Shore double tracking increases investment interest and can reduce costs
- State, RDA, and NICTD are viewed as strong counterparties
- Rail and real estate development are inextricably linked and must be developed in parallel



STATE & LOCAL SELF HELP - INVESTMENT

TRANSIT DEVELOPMENT DISTRICTS WILL INCENTIVIZE PRIVATE DEVELOPMENT

- Under new legislation passed in 2017, the RDA will lead and coordinate various aspects of the project and be the head development agent.
- Directs RDA to establish a Transit Development District (TDD) around train stations.
- A portion of incremental property tax revenues from the TDD goes to RDA to invest back into TDD in incentives and infrastructure improvements.



FUNDING DOUBLE TRACKING

Capital Costs ¹		
Double Track Project	\$312.0	
Sources of Funds		Source of Commitment
Federal Grant Funding ²	\$156.0	FTA Section 5309 Core Capacity Grant Program
RDA/State of Indiana Funding and Financing	\$119.5	<ul style="list-style-type: none"> - 50% of state/local funding amount @ \$6M per year appropriation for 30 years (\$180M total) per HEA 1001-2017 (2017 Budget Bill) - RDA general revenues for Double Track and West Lake projects for the term of the financing, estimated @ \$12.5M per year
Local Funding	\$36.5	LaPorte County (\$18.25M) and St. Joseph County (\$18.25M) upfront cash contribution per HEA 1144-2017
Total Sources of Funds³	\$312.0	

Double Track NWI Project Capital Costs and Funding Sources (YOE\$, in millions)

1 Preliminary estimate, subject to further refinement including value engineering

2 Does not include reimbursement for eligible financing costs

3 Totals may not sum due to rounding



FUNDING WEST LAKE EXTENSION

Capital Costs		
West Lake Project	\$665.3	
Sources of Funds		Source of Commitment
Federal Grant Funding ²	\$332.7	FTA Section 5309 New Starts Grant Program ²
RDA/State of Indiana Funding and Financing	\$332.7	<ul style="list-style-type: none"> - 50% of state/local funding amount @ \$6M per year appropriation for 30 years (\$180M total) per HEA 1001-2015 (2015 Budget Bill) - RDA general revenues for Double Track and West Lake projects for the term of the financing, estimated @ \$12.5M per year - RDA local governmental unit commitment of county income tax @ \$4.5M per year for 30 years per inter-local agreement
Total Sources of Funds³	\$665.3	

1 Preliminary estimate, subject to further refinement including value engineering

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NW INDIANA'S MOST TRANSFORMATIVE PROJECT

BREAKING WITH THE PAST, BUILDING THE FUTURE

- Timid past approaches have led to the loss of hundreds of thousands of people and jobs in Northwest Indiana. Bold, region-wide steps were needed to reignite the economy.
- West Lake and Double Tracking will leverage NWI's most unique asset, proximity to Chicago, in a way never done before.
- State and local support for this project are unprecedented. More than \$500 million in matching dollars are on the table seeking federal support.
- Commuter rail expansion will create new businesses and approximately 6,150 permanent jobs in Northwest Indiana, offering the opportunity for more than \$2 billion in new private development over the next 20 years.



Thank You



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