Chicago Metropolitan Agency for Planning

Transportation Value Capture Analysis for the CMAP Region

FINAL REPORT: June 2011

SB Friedman Development Advisors

URS

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Chicago Metropolitan Agency for Planning
Transportation Value Capture Analysis

TABLE OF CONTENTS

Executive Summary

This study is a continuation of a prior study conducted by *S. B. Friedman & Company* (*SB Friedman)* in the fall of 2010 for the Chicago Metropolitan Agency for Planning (CMAP). The 2010 study analyzed the potential for utilizing value capture to fund transit projects in the Chicago region. Value capture refers to the practice of implementing a tax or fee on private property near a public improvement to take back or "capture" some of the monetary benefit that the property owners gain as a result of the public investment. The revenue from these fees or taxes is then used to pay for part, or all, of the cost of the improvement. The 2010 analysis focused on: identification of value capture mechanisms appropriate for the region; application of those mechanisms to a sample transit project; and analysis of the impacts of value capture on development economics.

CMAP has engaged *SB Friedman* and URS to build on the original results and apply the analysis to a broader set of transportation improvements. The overarching goals of this second analysis were to:

- Apply the transit-appropriate value capture mechanisms from the prior "Transit Value Capture Analysis for the Chicago Region" to at least one additional transit project.
- Research value capture mechanisms for their appropriateness for roadway projects and analyze their value generation potential for at least one roadway project.
- Evaluate the economic and/or development impacts of the chosen value capture mechanisms.
- Provide analysis and conclusions on the broader potential for value capture across multiple types of transportation improvements and development situations.

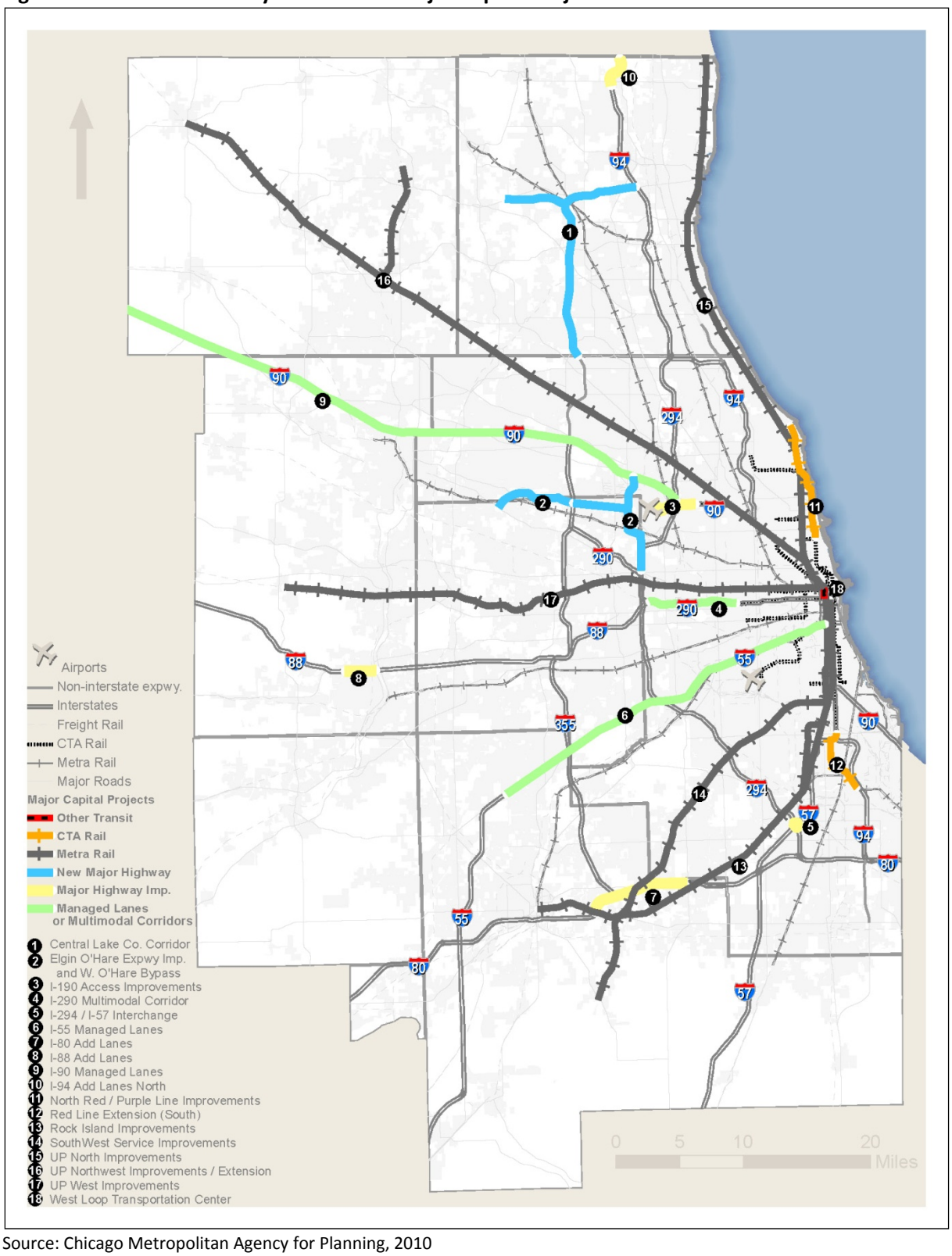
Background

CMAP's GO TO 2040 Plan ("the Plan") outlines a set of 18 priority, major capital projects which support the goal of reinvestment in existing communities and will expand the capacity of regionally significant transportation facilities. *Figure I* on the following page provides a map of these projects. The Plan also lists 53 additional major capital projects that are either in early evaluation stages or need feasible funding sources to be moved onto the priority (fiscally constrained) list.

The prior 2010 value capture analysis highlighted the growing need for local match dollars to fund transit projects, with particular attention to applications to the New Starts program. However, the region also has a significant need for new highway facilities and upgrade and repair of existing highways. As with transit, federal sources of funding for major highway improvements are becoming increasingly limited. In particular, the federal and state gas tax structure, which have traditionally provided much of the funding for regional transportation infrastructure, have not been increased since 1993 and 1990, respectively. In addition to new infrastructure needs, recent reports have catalogued the need for repair of existing bridges and roads in Illinois and the United States as a whole. Despite these growing needs for new infrastructure and repair of existing facilities, there is significant political resistance to increasing gas taxes at the federal or state level.

Due to these factors, there is an increasing need for local contributions to fund new infrastructure. In this new economic reality, government agencies throughout the country have been exploring financing sources that leverage local resources to fund a portion of major transportation projects. Local contributions are also a strong testament to local support for a transportation project and, therefore, provide a competitive edge to project applications seeking federal support.

Figure I: GO TO 2040 Fiscally Constrained Major Capital Projects



Source: Chicago Metropolitan Agency for Planning, 2010

Major Findings of the Prior Value Capture Analysis

The prior analysis focused on evaluating a range of value capture mechanisms and applying them to a specific transit project on the CTA Yellow Line in Skokie (the Oakton Station). Value capture mechanisms similar to a Special Service Area (SSA) or Tax Increment Finance (TIF) district were identified as most appropriate for the CMAP region, with some limited applicability of development impact fees. Major findings included the following:

- **TIF-Like Mechanism**: A TIF-like mechanism has the greatest value generation capacity, but this capacity is dependent upon new development and, therefore, is less bondable. Additionally, the full increment generated is unlikely to be available, as there is a growing concern in Illinois regarding the finances of underlying taxing districts within TIF districts; value capture increment will need to be shared with these districts.

- **Special Service Area (SSA)**: An SSA offers a more certain and predictable financing option than TIF, but requires buy-in from district property owners and taxpayers. An SSA mechanism appears to be able to sufficiently fund smaller-magnitude transit improvements (station only), but is unlikely to be able to produce the amount of funds necessary if new trackage is required.

- **Impact Fee**: Impact fees have relatively limited financing potential for new large-scale transportation projects because the timing and amount of new development is difficult to predict, and because the fee revenues are entirely dependent on that new development.

For best utilization of TIF- and SSA-like mechanisms, changes to statute may be required to allow for limited-purpose, multi-jurisdictional value capture districts and to allow TIFs to be created in areas that do not meet blight conditions, but do have a need for transit improvements.

Expanded Analysis of Value Capture Mechanisms

This report provides an expanded analysis of potential value capture mechanisms, with a specific focus on evaluating those mechanisms in the context of highway improvements. Nine value capture mechanisms were reviewed, and the mechanisms identified as having the highest potential for highway value capture scenarios are similar to those found in the transit value capture analysis. Likewise, many of the same statutory limits and/or political concerns apply, which excludes some mechanisms from being applicable. Finally, this analysis found that some of the mechanisms excluded from consideration during the transit-focused analysis either have more potential in a highway context or, with additional research and analysis, may actually have applications in a transit context.

The following value capture mechanisms were not considered viable for either highway or transit improvement projects in the region:

- **Land Value Tax:** As noted in the prior analysis, Illinois law does not allow for differential property tax rates for land and improvements. Furthermore, land assessments vary considerably from property to property. This lack of consistency in land assessment makes creation of a land-value only tax mechanism particularly difficult, even if all statutory blocks to this method were removed.

- **Negotiated Exactions:** Negotiated exactions are similar to development impact fees, but are negotiated on a case-by-case basis. Exactions do not have the direct benefit requirements of a development impact fee, and are therefore highly variable in nature. This results in a revenue stream that is highly unpredictable and likely unsuited as a capital funding source.

- **Air Rights:** Projects utilizing air rights sell development rights above or adjacent to new infrastructure in order to fund a portion of the project costs. This also implies control or ownership of the adjacent land by a transportation agency or some public body. Air rights are most suited to situations where land prices are high and there is significant market demand for new housing or commercial space. This combination of factors generally occurs only in dense, urban cores and is unlikely to occur in a highway setting.

Several additional mechanisms did not appear to have immediate or broad applicability, but may have potential in limited transportation improvement situations or require significant further analysis. These mechanisms were:

- **Transportation Utility Fee (TUF):** TUFs appear to be most commonly used for maintenance and repair of existing roads rather than construction of new roads, but have the benefit of targeting charges to properties that generate higher traffic, such as commercial properties. TUFs charge both existing and future users, which is a more equitable mechanism in areas that are already developed. As with impact fees, a direct and equitable connection to the service provided must be demonstrated, and TUFs without a sufficiently strong connection between the transportation improvement benefit and the imposed fee have been successfully challenged in court. Case studies in the full analysis demonstrate its successful application in Oregon. Given the legal uncertainty around this tool and its normal application to maintenance costs, significant additional research is needed to assess its potential application as a funding tool for new major roadways and its potential in Illinois.

- **Joint Development:** While joint development has produced major new infrastructure in the nation in several unique situations, this mechanism appears to have the strongest potential for contributing to ongoing revenue streams rather than up-front capital costs. Joint development is currently being pursued in the region through the installation of communication infrastructure in transportation right of way (ROW), but it does not appear to have significant potential to provide up-front capital funding. In Illinois (and many other states), public entities must purchase only the minimum amount of land required for an improvement project, and federal and state governments have strict requirements regarding disposition of land purchased with their funds. This results in minimal land being available for joint development projects. For creation of a better environment for joint development in Illinois, federal and state statutes and rules, and case studies would need to be considered to define avenues for allowing greater land acquisition and disposition powers.

- **Business District (BD):** Due to recent statutory changes allowing the use of all BD revenues for infrastructure projects, this Illinois-specific mechanism which allows for creation of a district-specific sales or hotel tax was added to the list of evaluated value capture mechanisms. In some portions of the region, current sales tax rates are a vital concern, but many communities still have the potential to increase their sales and hotel taxes as long as that increase is evaluated in concert with its potential impact on existing businesses and new development and on the

communities' competitive position. BDs appear to be most effective in situations where significant development of hotels or retail has already occurred, which indicates that they may be particularly suited to capacity expansion projects in developed areas. Some major new projects, such as the Elgin O'Hare Expressway and Western Bypass, are also likely to have potential because the surrounding areas are already built out.

- **Development Impact Fees (DIF):** Due to the need to demonstrate a link between new development and transportation needs, it is likely that this tool would be most useful for areas where ongoing development is creating the need for additional transportation infrastructure. Major improvement projects in already-developed areas will have a higher burden in proving that the proposed exaction is "uniquely and specifically attributable" to the benefits of the transportation improvement, and utilization of an impact fee for a major new transportation improvement in a developed area may unequally impact new development versus existing development, which also benefits from significant added access. Finally, since development impact fees are dependent upon the unpredictable nature of future development, it is difficult to monetize this revenue stream to generate up-front revenues for capital improvements. This tool has significant potential at the county level and for smaller projects, and is being successfully used in Kane and DuPage counties to fund road improvement programs.

Both the previous phase of work and the analysis herein have identified TIFs and special assessment districts as the most likely value capture tools to use to fund major transportation projects within the CMAP region. These tools are discussed below with regard to their overall benefits, limiting factors, and potential highway and transit applications. As already noted, this set of tools is primarily municipal in nature, although some can be established at the county level. This will pose problems for applications over the large geographic areas generally associated with major transportation improvements, and statutory modification of each of these tools should be considered to allow for the creation of multi-jurisdictional districts that can more efficiently fund transportation improvements.

- **Tax Increment Financing (TIF):** TIF districts are a critical tool for value capture, and have the advantage that they do not directly increase property tax rates. However, TIFs are widely used in Illinois and are currently facing significant resistance from underlying taxing districts. Furthermore, TIFs centered on roadway or transit improvements would be significantly larger in size than most existing TIFs in the region and would cross multiple municipalities. This large geographic scope and potential broad fiscal impact further emphasizes the need to analyze the options available to balance transportation funding needs with the fiscal concerns of underlying taxing districts, and work to reach an equitable increment sharing strategy.

- **Special Assessment Districts:** Illinois Special Assessment districts (SAs) and Special Service Areas (SSAs) are the most bondable source of value capture revenue, providing significant potential to generate up-front funding for capital costs. However, they must be calibrated so that they do not also reduce development demand by increasing costs too much. Moreover, due to the nature of special property tax districts, the boundaries must be calibrated to include only an area where direct benefits of the new infrastructure can be proven. While the research on the impacts of transit on property values is well established, the impacts are less certain for roadways, and positive impacts may be limited to non-residential property. This limits the application of SSAs to many roadway situations. Additionally, as with TIF, the size of the districts contemplated is very large and the boundaries are likely to cross multiple municipalities. In the case of either transit or roadways, this is likely to raise equity concerns as each community will

benefit differently from a given improvement. Therefore, benefits of an added tax to fund transportation infrastructure must likely be demonstrated to both municipalities and property owners, and tax rates should be carefully calibrated to account for those benefits.

Project-Based Value Capture Analyses

The core of this report provides an evaluation of these tools (TIF and special assessment districts) in the context of three planned transportation improvement projects in the region, keeping in mind the benefits and limitations described above. This will allow for further understanding of the potential for these value capture mechanisms in the region. The evaluated projects are:

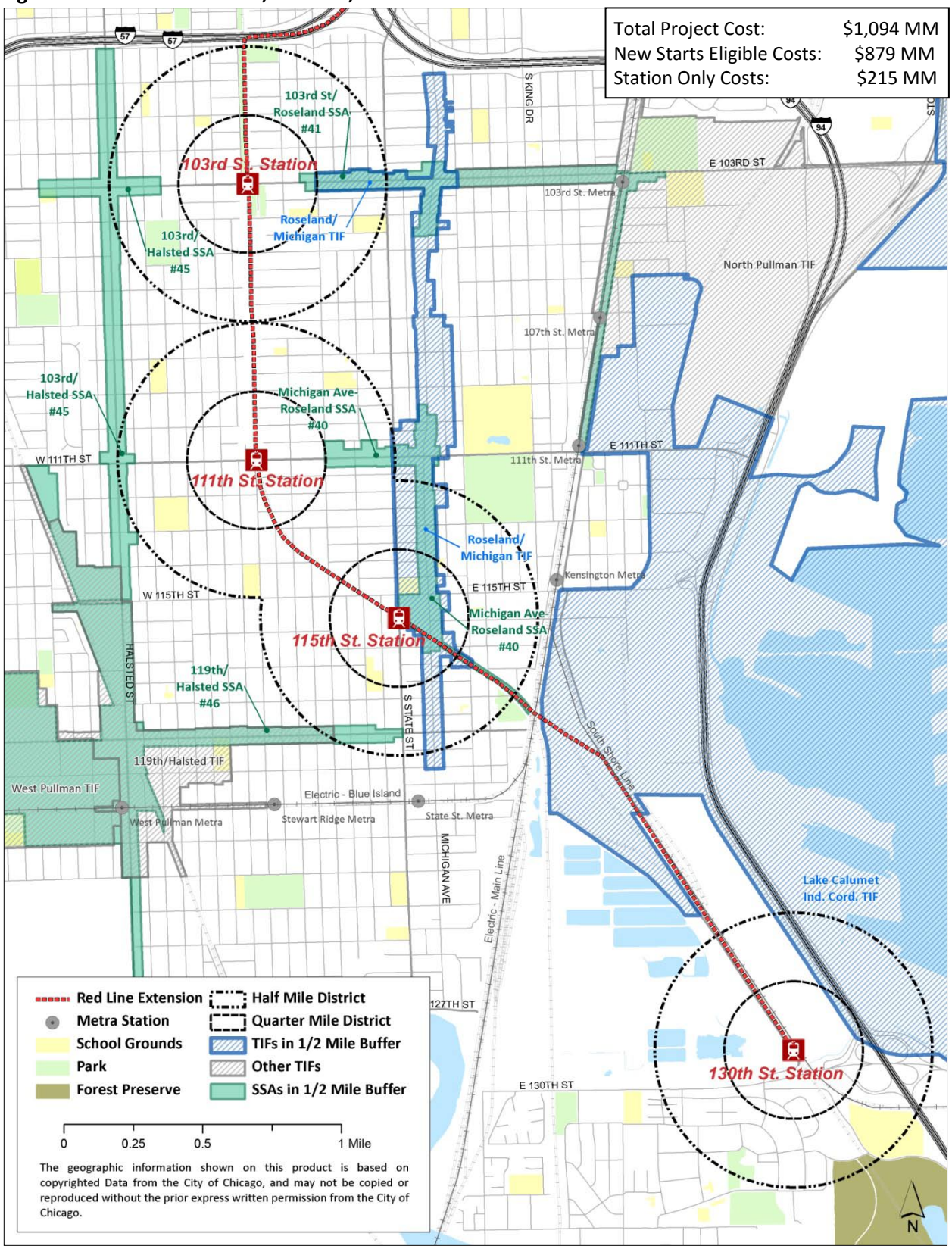
1) The CTA Red Line South Extension
2) A Parking Garage in Downtown Wilmette
3) The Central Lake Thruway/Route 120 Bypass

PROJECT 1: RED LINE SOUTH EXTENSION VALUE CAPTURE ANALYSIS

The Chicago Transit Authority (CTA) is currently evaluating the potential to extend the Red Line from its existing terminus at 95th Street, south to 130th Street, and add four new stops along this length. As shown in *Figure II*, the proposed path would follow I-57 to the existing Union Pacific Railroad (UPRR) right of way (ROW), then head south and east along that ROW and then shift to the Northern Indiana Commuter Transportation District's (NICTD) South Shore Line ROW near 120th street. The proposed terminus at 130th Street will include a new CTA rail yard and a large Park & Ride facility. The project is anticipated to cost approximately $1.1 billion. The new CTA yard is not eligible for federal New Starts funding, and its costs are projected to be approximately $215 million. This leaves approximately $879 million in costs that are eligible for New Starts funding and have been utilized in this analysis. The portion of this cost that is attributable to the stations is also estimated to be $215 million.

The Red Line Extension was selected for this analysis because: it is a Priority Project of the GO TO 2040 Plan; it will help further the infill development goals of the Plan; and it will provide access to an area with severe disinvestment and few transit options. Targeted redevelopment projects and creation of the new transit could generate a synergy that stimulates renewed private development and investment in the neighborhood. The prior value capture analysis study focused on a transit project within downtown Skokie, an area with relatively high property values and a clear market demand for transit and transit-supportive development. Not all areas in need of transportation investments have strong market potential and high property values. This analysis focused on an area with historic disinvestment to understand the potential for value capture across a wide range of scenarios.

Figure II: Red Line Extension, Stations, and Area TIFs and SSAs



SSA and TIF Analysis Results

For the purpose of this analysis, value generation was analyzed in the context of a competitive local match for the project to secure federal New Starts funding – which is estimated to be 40% of the New Starts eligible costs of $879 million or approximately $352 million. As an additional metric, the analysis also compared the value generation in comparison to 40% of the station costs of $215 million or approximately $86 million. The analysis estimated the value generation potential within one fourth mile and half mile value capture districts around the proposed four new Red Line extension stations using an SSA and TIF-like value capture mechanism. *Figures III* and *IV* outline the results of value capture potential analyses for these two mechanisms.

Figure III: Red Line Extension SSA Value Capture Sensitivity Testing

Value Capture District Radius	2009 EAV [1]	20-year Bondable Amount at 1.45% SSA tax rate [2]	Tax Rate Required to fund 40% of New Starts Eligible Costs [3]	Tax Rate Required to fund 40% of Station Costs [3]
Quarter Mile	$ 61,549,747	$9.4 to $11.4 Million	44.8% to 54.0%	11.0% to 13.2%
Half Mile	$ 250,725,258	$38.5 to $46.4 Million	11.0% to 13.3%	2.7% to 3.2%

[1] Less residential exemptions
[2] Amount provided in 2009 Dollars. Assumed Bond Issuance in 2012 and concurrent establishment of the VCD.
[3] These tax rates are significantly higher than normal SSA tax rates and are not recommended as a value capture implementation option.
Sources: Cook County Assessor, Cook County Clerk and *SB Friedman*

Figure IV: Red Line Extension TIF-Like Value Capture District Analysis Results

Value Capture District Radius	2009 EAV [1]	Full 20-Year Bondable Amount [2]	Assumed % of TIF Funds Available for Transit	Resulting 20-year Bondable Amount for Transit [3]
Quarter Mile	$ 61,549,747	$5.1 to $10.9 MM	25%	$1.3 to $2.7 MM
Half Mile	$ 250,725,258	$20.9 to $44.3 MM	25%	$5.2 to $11.1 MM

[1] Less residential exemptions.
[2] Base EAV year is 2012.
[3] Amount provided in 2009 Dollars. Assumed Bond Issuance in 2012 and concurrent establishment of the VCD.
Source: Cook County Assessor and *SB Friedman*

Overall as shown in *Figures III* and *IV*, both SSA and TIF value capture mechanisms can generate contributions of up to $46 million toward the cost of the Red Line Extension. The analysis also shows that the SSA tax rates to generate the 40% local match for the New Starts eligible costs or even 40% of the station costs are significantly higher than normal SSA rates, and are considered infeasible for implementation. The available TIF Increment (after an assumed sharing rate for non-transit TIF eligible projects for neighborhood improvement) is also insufficient to achieve the local match. Therefore, either mechanism by itself is insufficient to generate a competitive local match requirement for the project funding.

In addition, an analysis of existing area SSAs and TIFs indicated that these districts are financially stressed, with higher than average tax delinquency rates and low area property values. The area SSAs have an average tax rate of approximately 1.45%, which are significantly above average City of Chicago SSA tax rates, and produce minimal levies in comparison to the high tax rates. The area TIFs are

generally producing small increment streams and are fully committed to redevelopment projects and small infrastructure projects.

Analysis of the Economic Impacts of Transit Access on Area Redevelopment Projects

A prototypical economic analysis was conducted for Roseland Plaza, a 64,000 square foot retail development being proposed at a 6.15-acre site located at the southwest corner of 115th and Michigan adjacent to the proposed station. The proposed development, as planned, will include an 18,000 square foot Aldi grocery store as an anchor, a 14,000 square foot pharmacy, and 31,000 square feet of in-line space. The purpose of the analysis was to test the real estate economics of redevelopment in this area with, and without, transit, and assess whether a developer could afford to pay for additional value capture taxes or fees for the proposed Red Line Transit Expansion. This analysis is shown in *Figure V* below.

Figure V: Development Economics of a Proposed Retail Project in Red Line Extension Station Area

Project Parameters	Baseline Economics with No Transit	Potential Economics with Transit: Assumed Rent Increase		
		5%	10%	20%
Total Stabilized NOI	$763,784	$802,613	$841,442	$919,101
Project Value (9% Cap Rate)	$8,486,000	$8,918,000	$9,349,000	$10,212,000
Project Development Cost	$12,290,000	$12,290,000	$12,290,000	$12,290,000
Project Financial Gap (Project Value - Cost)	**($3,804,000)**	**($3,372,000)**	**($2,941,000)**	**($2,078,000)**
TIF Capacity Generated from Project (In-Pin Increment) [4]	$2,520,000	$2,646,000	$2,772,000	$3,023,000
% of TIF Capacity needed to Support Project	**151%**	**127%**	**106%**	**69%**

Source: *SB Friedman,* Costar and City of Chicago

A review of the literature analyzing the impact of transit facilities on rental rates indicates that transit access results in rental rate increases ranging from 5% to 20%. Therefore, for illustration purposes, the economic analysis considered baseline rents that reflected current market area rents assuming no transit is developed and additional scenarios where rents were assumed to increase by 5%, 10% and 20% to reflect the range of potential transit impacts. The financing gap for the proposed project is estimated to range from $3.8 million in the baseline scenario with current market rents to $2.1 million in the scenario with the most aggressive rent increase assumption of 20%. All scenarios have a project financing gap because the estimated project value is significantly lower than estimated development costs. This phenomenon is typical of disinvested areas where supportable market rents are not high enough to pay for new construction, and therefore, new development requires public assistance.

Red Line Extension Value Capture Analysis Conclusions

The analysis indicates that traditional value capture tools may not be appropriate for highly disinvested areas which already face significant challenges associated with private sector redevelopment. Both SSA- and TIF-like value capture districts produce value capture revenues that are not of a sufficient scale to pay for the local match component of a federal New Starts project. As described above, the Roseland area is under significant economic stress and is currently fully utilizing its SSA and TIF options for new infrastructure and redevelopment, which not only limits the potential of a value capture district, but points to an ongoing need for additional funding for non-transit infrastructure investments and major redevelopment initiatives. In this framework of scarce resources, these various needs will compete for the same pool of TIF funds, regardless of their location within a normal TIF or value capture TIF.

Moreover, creation of an SSA in this area to fund new transit infrastructure may face significant neighborhood opposition, lead to questions regarding equity and fairness, and compete with the funding needs of service-based SSAs.

In addition, while transit is likely to improve development economics by increasing supportable rents or project value, it is unlikely that the new transit accessibility, itself, will dramatically change the competitive position of the neighborhood and attract financially self-supporting redevelopment. Local financing tools such as TIF and SSA will be needed to finance funding shortfalls of redevelopment projects, provide needed infrastructure enhancements, build new community facilities, and provide other services. While TIF is still a viable option within the limitations on increment availability noted above, an SSA, impact fee or other value capture mechanism involving an added tax or fee would likely add to the financing gap, and would most likely be a disincentive for redevelopment projects in this type of disinvested area. Furthermore, given the property values in the area, the SSA tax rate required to generate significant funds towards the cost of the Red Line Extension would need to be set at a rate that is onerous for area property owners and, in the case of properties already in an area SSA, lead to tax rates that are nearly double those of the remainder of the City.

Therefore, value capture mechanisms based solely on new value created within the proposed station areas are unlikely to provide a substantial source of funding for the Red Line Extension. As found in the prior analysis of the Skokie CTA Station, TIF and SSA are still likely to have potential in areas with strong property values and market demand for transit-supportive development. To generate sufficient financing for transit in disinvested areas, there is a need to tap broader resources at the federal, state and local levels. For the local funding contribution, it may be desirable explore strategies that leverage a broader potential revenue pool, such as:

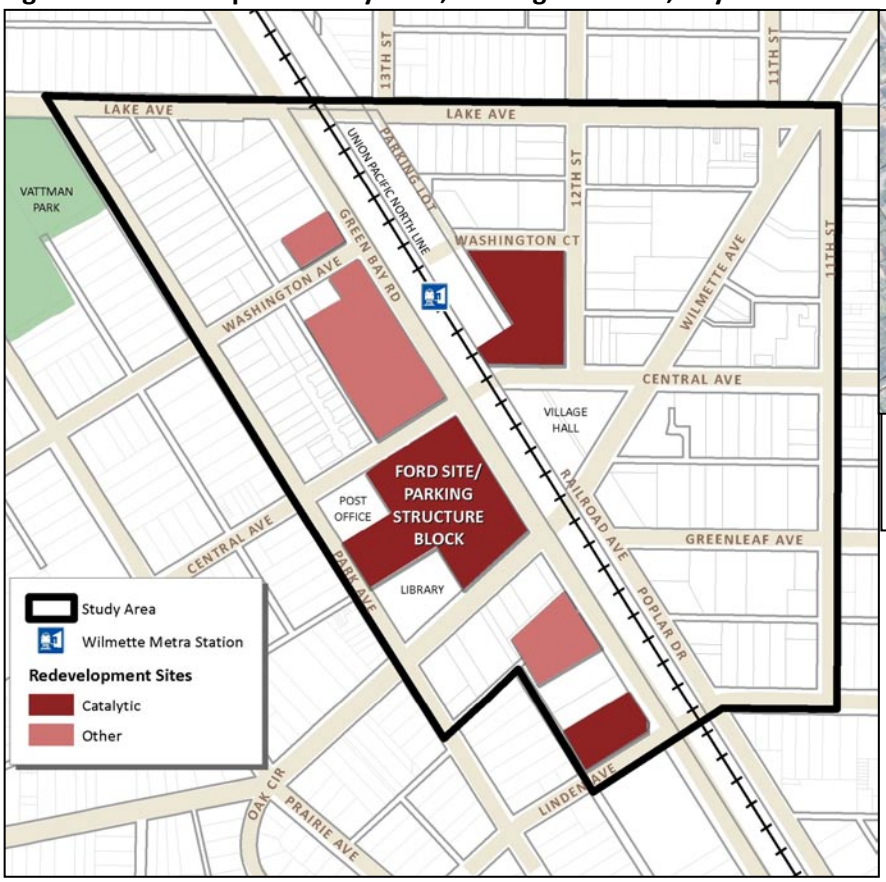
- Porting money from adjacent healthy TIF districts.
- Creating significantly larger, corridor-based TIF districts along the transit line to leverage higher property values in adjacent station areas.
- Designating a portion of other city-wide or county-wide revenue sources such as sales tax, parking tax, hotel taxes, etc. to fund transit needs on an ongoing basis or to create an initial infrastructure or transit capital fund that projects must repay.
- Allowing for transfer of funds from high-performing TIF districts towards significant infrastructure projects such as transit. This could be structured as a formal “infrastructure bank” or other tool with defined investment criteria. This type of initiative will require amendment of existing statutes or creation of a new statute.

PROJECT 2: WILMETTE PARKING GARAGE ANALYSIS

The Village of Wilmette recently completed a downtown planning process that calls for creation of a 425-space public parking structure near the Wilmette Metra station to provide new and replacement parking for commuters, as well as accommodate businesses and other nearby institutions such as the Wilmette Public Library, Post Office and Village Hall (see Figure VI). Construction of the structure is anticipated to cost between $11 and $12 million.

While parking garages and local infrastructure projects are too small to be evaluated within the set of Priority Projects identified by the GO TO 2040 Plan, providing parking in transit-oriented development situations does fulfill the goals of the plan to increase infill redevelopment potential and access to transit options. In many cases, the construction of a parking garage can free up existing parking lots for redevelopment or simply create the potential for additional development on a single site. Therefore, this analysis provides an opportunity to understand the potential to utilize value capture mechanisms to generate the required capital funds for a typical parking garage in a suburban downtown situation.

Figure VI: Value Capture Study Area, Parking Deck Site, Key Anchors and Redevelopment Sites



Plan for Parking Structure Block
Estimated Parking Garage Cost: $11-$12 MM

Sources: CMAP, Lakota Group and *SB Friedman*

Municipal Parking Garage Case Study Analysis

To understand the strategies that other area municipalities have used to fund TOD-oriented parking structures, *SB Friedman* compiled data on the costs and funding sources of similar projects in the region. *Figure VII* below provides a summary of this analysis.

Figure VII: Summary of Parking Structure Case Studies

	Depot District Garage	1800 Maple Garage	1st Street and Larch
City	Berwyn	Evanston	Elmhurst
Number of Spaces	378	1,400	253
Total Project Cost	$ 11,000,000	$ 30,000,000	$7,500,000
Sources of Funds			
G.O. Bond Paid by TIF	$ 8,565,000	$ 30,000,000	
G.O. Bond Paid by Parking District Revenues			$5,000,000
IDOT Capital Assistance Grant	$ 2,000,000		
West Suburban Mass Transit District	$ 435,000		
Metra			$2,500,000
Parking Fees	Quarterly: $90.00 Daily: $ 3.00 Hourly: $ 0.25	Monthly: $85.00 ($50 on upper deck) Daily: $8.00 Hourly: $1.00	Annual: $400.00 Monthly: $35.00 Daily: $2.00

Source: *SB Friedman*

These case studies share several common themes and strategies:

Wider Development Activity. In all three communities, the parking garage was part of a wider revitalization of the surrounding downtown area. While a parking garage, in and of itself, does not spur development, it can play an important supporting role to promote denser development, particularly when developable land is scarce.

Financing. In general, parking garages are not paid for by the property tax base of the entire community. Although general obligation bonds are often used to finance construction, the sources of repayment are typically incremental revenue from TIF districts, sales taxes and/or parking fees. Grants from state sources and transportation agencies also play a role, so that garages often have more than one source of funding.

Multiple Users. A downtown environment needs to provide parking for customers, employees and commuters. More than one group is often accommodated within the same parking garage, which can complicate parking management and operations. Payment, validation and enforcement are important issues that should be considered early on in the process.

Parking Garage Financing Analysis

To estimate potential funding sources, three different combinations of up-front and ongoing revenue sources were produced for the Wilmette parking garage. The first scenario assumed that no developer contribution was available for retail parking spaces, all parking within the deck would include fees, and an SSA would be used to plug any financing gap. In Scenario 2, developers provide an up-front

contribution for retail spaces in exchange for free customer parking, and an SSA covers any financing gap. In Scenario 3, there is no developer contribution for retail parking spaces, no free parking within the deck, and incremental revenue from a TIF district is used to fill any financing gap. In all cases, estimated contributions from the Wilmette Library, Metra and the Congestion Mitigation and Air Quality fund were incorporated into the potential capital stack. *Figure VIII* below summarizes the resulting funding sources for the Wilmette parking garage.

Figure VIII: Alternate Funding Scenarios for Wilmette Parking Structure

Sources of Funds	Scenario 1: Pay Parking + SSA	Scenario 2: Free Retail Parking + Dev Fee	Scenario 3: Pay Parking + TIF
Up-Front Developer Contribution	$0	$756,000	$0
Metra Pay-In	$1,170,000	$1,170,000	$1,170,000
Library District Pay-In	$216,000	$216,000	$216,000
CMAQ Grant	$996,000	$996,000	$996,000
GO Bond Proceeds Paid by:			
NOI from Parking Fees	$1,551,000	$872,000	$1,551,000
SSA Revenues	$7,921,000	$7,844,000	$0
TIF Revenues	$0	$0	$7,921,000
Total Sources	**$11,854,000**	**$11,854,000**	**$11,854,000**

Source: *SB Friedman*

The analysis for the Wilmette garage shows that contributions from Metra, the developer or funding sources such as CMAQ are generally insufficient to pay for public parking structures. As shown in *Figure VIII*, the majority (over 65%) of funding for the parking structure would need to come from a local funding source such as a TIF or SSA.

Wilmette Parking Garage Analysis Conclusions

While both an SSA and a TIF appear to have strong potential for funding a parking structure in downtown Wilmette, there is also an important political dimension to the choice of financing. Some downtown businesses may be opposed to an SSA, even though they would theoretically benefit from it; likewise, some developers may oppose an up-front fee in-lieu of parking, even though their projects would otherwise have to pay to provide more on-site parking. Finally, TIF districts are facing significant concerns regarding the fiscal condition of underlying districts. Wilmette staff has indicated that either a TIF or SSA mechanism would have to be carefully presented to the public and other taxing bodies. This analysis also assumed that a major institutional user, Wilmette Public Library, would pay for approximately half of the cost of their additional spaces. Since many downtown parking facilities have multiple users, it may be desirable to evaluate the potential for contributions from major public and private users of a proposed parking garage to reduce bonding needs. Therefore, in addition to the financial trade-offs between different funding sources, there are also political and policy trade-offs that must be considered.

As previously mentioned, additional non-municipal or user sources of funding for parking structures exist, namely the CMAQ program, the Illinois Capital Assistance Grant and mass transit district funds. Each of the funds outlined above has its own requirements, and has limited pools of funds available that

generally cannot cover the full cost of structured parking. Metra is a key potential source of funds for parking garages in transit-oriented situations, but deck parking is generally funded at a rate that is approximately half of the cost of a deck space. Due to this and logistical concerns regarding the location and fees of commuter spaces, inclusion of Metra funding in a municipal garage funding package can present both opportunities and challenges.

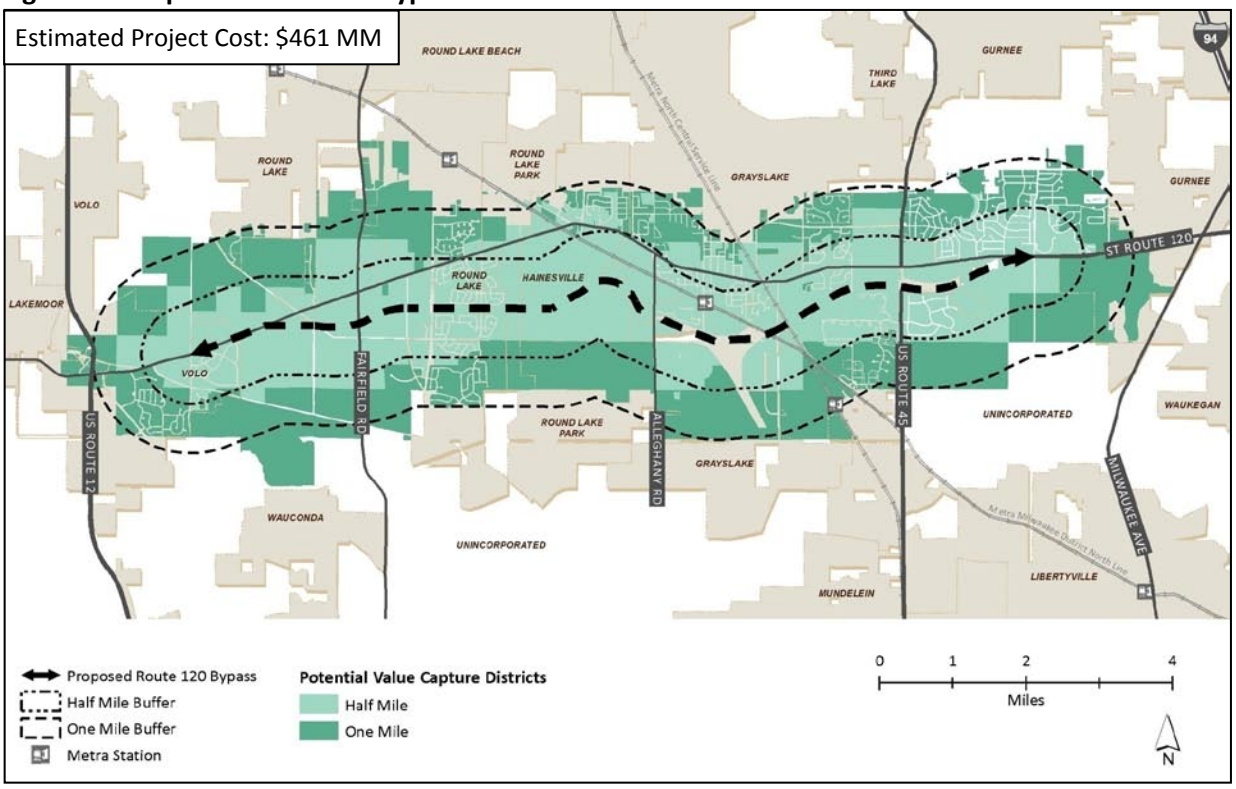
In conclusion, a parking structure in downtown Wilmette could be financed through a combination of several different sources of funds, with debt repayment provided by a combination of parking fees and either SSA or TIF revenues. While the majority of funding is likely to come from SSA or TIF revenues, up-front contributions from different users and outside grants can also make a significant contribution, and (in the case of SSA funding) help to keep the SSA tax rate at a realistic level. The needs of users and policy considerations should be carefully weighed when deciding on sources of funding, particularly where the choice between one source and another impacts users differently. If properly financed, a parking garage has the potential to alleviate parking supply constraints and help catalyze redevelopment activity in the downtown.

PROJECT 3: CENTRAL LAKE THRUWAY/ROUTE 120 BYPASS VALUE CAPTURE ANALYSIS

The Route 120 Corridor Planning Council recently published a Unified Vision ("the Vision") for the Central Lake Thruway. The Vision proposes a new, eight-mile long, four-lane boulevard ("the Bypass") that traverses undeveloped areas south of the current Route 120 (see Figure IX). This would create a strong east-west connection through northern Lake County, ease congestion in the area and allow the original Route 120 to return to maintain its exurban character that primarily serves as access to local residential and commercial development. For the purpose of this analysis, we defined the "improvement" as the Bypass only and excluded other portions of Route 120 that receive added capacity or other improvements under the Vision. This allowed the analysis to focus solely on the areas that receive new access and, therefore, new development value due to the improvements.

High-level funding options have been evaluated for the project, including federal, state, county and municipal contributions as well as user fees. Currently, the project is estimated to cost approximately $461 million, nearly 90% of which is attributable to the proposed Bypass. Rough federal, state and local funding contributions have been estimated and an analysis of the funding potential of user fees (tolls) has also been completed. The purpose of this value capture analysis is to quantify an order-of-magnitude level of local funding that could be generated using value capture mechanisms and provide another funding option for the Bypass.

Figure IX: Proposed Route 120 Bypass and VCD Areas



TIF and SSA Analyses

Unlike redevelopment in previously-developed areas, new development in minimally developed areas such as central Lake County has the potential to increase property value, district-wide, by several orders of magnitude. Understanding the development potential created by the road is a critical component of understanding the value capture potential of the Bypass area. *SB Friedman* completed a high-level analysis of the development potential of the corridor if the Bypass is completed. The results are summarized by major land use in *Figure X* below. This development was in large part assigned to the three major intersections anticipated to be part of the Bypass project. They are: Route 120 & Route 45, Route 120 & Alleghany Road, and Route 120 & Fairfield.

Figure X: Estimated Future Development Potential in Route 120 Study Area

Land Use	Supportable SF
Office	3,000,000
Industrial	4,500,000
Retail	2,600,000
Total	**10,100,000**

Source: *SB Friedman* and URS

Once analysis of the future development potential and assignment of that square footage to locations within the Bypass study area was complete, TIF and SSA projections were created for a one-mile buffer area from the improvement. Residential property value was treated slightly differently across the two scenarios. Because there is conflicting evidence about the impact of new roadways on residential property values, both current and new residential development values were excluded from the SSA

analysis. It should be noted that, due to the preponderance of residential property near the bypass, this severely limits the value generation potential of the SSA scenario. For the TIF analysis, current residential property values were included in both the current year and inflationary value estimates. However, the value of new residential was excluded from TIF projections and any increment created by new residential development was assumed to divert to underlying taxing districts. *Figures XI* and *XII* below summarize the results of the SSA and TIF analyses. In both cases, conservative and optimistic scenarios are provided to bracket the potential value generation range.

Figure XI: SSA Analysis Bonding Potential by Scenario

Tax Rate Scenario	Baseline (no Inflation) [1]	Development [2]
Flat Rate - 0.5%	$ 5,538,000	$ 16,267,000
Flat Rate - 1.0%	$ 11,076,000	$ 32,534,000
Graduated Rates [3]	$ 8,608,000	$ 27,161,000

[1] The 2010 district non-residential EAV was obtained from the Lake County Assessor, inflated to the year of issuance at a rate of 2%, and then held flat during the life of the bond.
[2] As described above, approximately 7.5 million SF of total development SF was phased in over the life of the bond, and the resulting new property value was incorporated in district EAV projections. Residential property was excluded from all value projections.
[3] A 1.0% tax rate was assumed for the zero- to half-mile district and a 0.5% tax rate was assumed for the half- to one-mile district.
Source: *SB Friedman*

It is notable that the SSA scenarios above produce less revenue than the smaller, half-mile transit-oriented districts contemplated in the prior analysis of the Skokie Oakton Station and in the Red Line Extension analysis included in this report. This is due to: the exclusion of residential property value from this analysis; the relatively low existing value that does not produce significant revenues until substantial development occurs; and the assumption of typical suburban, lower-density development typologies rather than the denser, mixed-use development assumed for the transit scenarios. Taken together, these factors lead to a less productive SSA value capture district even though the Bypass value capture district being studied is significantly larger in size.

Figure XII: Estimated Bondable Amounts for a Route 120 Bypass TIF Value Capture Scenario

Scenario	Estimated Bondable Amount
Inflation-Only[1]	$ 115,318,000
Inflation + Development [2]	$ 259,912,000

[1] Inflation of current EAV within the 1-mile buffer area at 2% annually. No new development is assumed.
[2] Inflation of current EAV plus phasing in of new development EAV over the 25-year bonding period.
Source: *SB Friedman*

In contrast, the TIF-generated bondable range of $115 million to $260 million indicates significant potential for a TIF-like value capture district (VCD) focused on the Bypass to contribute to financing of the Central Lake Thruway. This value range excludes increment produced by new residential development, and therefore, has an inherent assumption of diversion of some portion of the tax increment to underlying taxing bodies. However, it is likely that additional sharing of the increment above will be required to assure underlying taxing bodies that other infrastructure needs generated by the new development can be paid for. Additionally, the Inflation + Development scenario may prove too

speculative for IDOT, the County or other entity to provide credit enhancement. Therefore, the final bondable amount may be closer to the Inflation-Only scenario.

Route 120 Bypass Value Capture Analysis Conclusions

In practice, the potential use of either value capture mechanism will require extensive intergovernmental cooperation and consensus, and likely require changes in Illinois law. A host of issues will need to be examined through a collaborative process with involved stakeholders to identify an acceptable and effective value capture mechanism. These include the following:

- **Stakeholder Coordination.** Coordination of opportunities for an open dialog with all involved agencies and stakeholders are vital to establishing an acceptable mechanism for generating new local revenues for this project. Input on key aspects of the value capture mechanism and district boundary will be an important component of determining the available funding.
- **Proportionality to Benefits.** Tax rates and/or district boundaries must be properly calibrated and designated to ensure that local contributions equitably align with anticipated economic benefits from new development potential and from value increases to existing properties.
- **Defining the Governance Structure.** TIFs and SSAs are primarily municipal tools. In this analysis, the boundary crossed multiple municipalities. A unique governance structure may need to be established to manage a multi-jurisdictional district.
- **Securing Legislative Approvals**. Legislative amendments or new legislation will likely be needed to facilitate the application of TIF and SSA for regional transportation projects. This is likely to include variances on eligibility criteria for establishing districts for transportation improvements and the multi-jurisdictional applicability indicated above.
- **Validation of Future Land Use Concept.** If the bonding capacity relies on future development and a credit enhancement is provided by a credit-worthy entity, it is likely that the entity will require broad consensus on future growth policies by communities, including the appropriate level of zoning and density levels to facilitate the anticipated level of new development. This would likely require in-depth market analysis and collaboration with communities to establish appropriate zoning designations. Similarly, coordination with CMAP will also be necessary to maintain consistency and compatibility with regional growth policies and goals.

Value Capture Analysis Conclusions

The core of this assignment was to apply the lessons learned from prior value capture analyses and expand understanding of the tool's potential for funding a broader array of transportation improvement types. The review of value capture mechanisms and the project-based analyses included in this report have provided insights not only regarding the potential for value capture across different transportation improvement types, but also concerning the types of economic and development situations for which various value capture mechanisms may be best suited.

Additionally, the menu of value capture mechanisms that have potential for the region was expanded, based on both recent state statutory changes and new understandings regarding the capacity and national applications of the available tools. In summary, there appears to be significant potential for value capture in the region, but each situation will require a tailored approach that incorporates current economic conditions, projected development capacity, political concerns regarding value capture

mechanisms, and implementation considerations for the large geographic nature of most transportation improvements.

VALUE CAPTURE MECHANISM CONCLUSIONS

As has been noted throughout this analysis, each value capture mechanism has unique advantages and drawbacks regarding its application for transportation improvements. However, some conclusions regarding future implementation needs are common across all mechanisms. These overarching issues as well as mechanism-specific needs must be addressed to effectively utilize value capture tools in the region.

Overarching Issues

- **Local versus Multi-Jurisdictional Tools**

  Most of the tools explored in this report can only be utilized at the municipal or, to a lesser extent, county level. However, many of the GO TO 2040 Priority transportation improvement projects cross municipal boundaries. As a result, if value capture is chosen as a funding strategy for large-scale transportation improvements, statutory amendments or new statutes creating multi-jurisdictional versions of existing tools (SSA, TIF, BD) to fund these improvements may be desirable. Such legislation will have to be carefully structured to assure underlying municipalities and taxing districts that they will have a say in the establishment process and will not experience adverse fiscal impacts. Creation of a single value capture district (VCD) has the potential to allow for more efficient management of the district, smoother establishment processes and timelines, and creation of a unified district that sits outside the variable fiscal and political conditions of individual municipalities.

- **Intergovernmental Cooperation and Partnerships**

  As noted in the prior 2010 analysis, each of the evaluated value capture mechanisms will require participation of a number of local and regional actors. Many transportation improvements cross jurisdictional boundaries, and local funding contributions will therefore require the cooperation and work of multiple communities. Currently, the multi-jurisdictional tools noted above do not exist. In their absence, cooperative agreements will be required.

  Additionally, the geographic scope of transportation-supportive value capture districts is large, which poses equity concerns. Therefore, utilization of many of the proposed district types will require careful analysis and negotiation regarding how communities benefit from a transportation improvement and how that benefit relates to the proposed fee, tax or increment.

Mechanism-Specific Needs

There are a number of tools that have potential for usage in Illinois, but the most broadly applicable mechanisms are likely to be TIFs and SSAs. These mechanisms have been successfully used nationally, as demonstrated in the highway case study analysis in this report and the transit case study analysis in the prior report. They are already enabled under Illinois statute, although some legislative changes are required to fully realize the potential of each mechanism for regional transportation projects. Key

aspects of these mechanisms and the implementation considerations required to make them effective as a transportation value capture tool include the following:

- **TIF:** The most significant advantage of a TIF-like value capture mechanism is that it does not directly increase the tax burden on property owners and does not negatively impact development. However, TIFs are currently facing significant resistance because they are perceived to divert taxes from underlying taxing districts. If TIF is to be used as a value capture mechanism in Illinois for major regional projects, it will need to have amendments to eligibility criteria and have a system for equitable increment sharing between the transportation project and other local needs.

- **Special Assessment Districts:** Illinois SAs and SSAs are the most bondable source of value capture revenue, providing significant potential to generate up-front funding for capital costs in well-developed areas. However, this mechanism involves imposing a new property tax, and the political and economic concerns surrounding that added tax appear to pose the most significant barrier for utilization. Therefore, the use of this mechanism requires that: the tax rate and boundary be calibrated so that they do not negatively impact development; the tax is applied only in areas where direct benefits of the new infrastructure can be proven; and the tax burden is proven to have proportionality to benefits.

In addition, a second set of mechanisms, Transportation Utility Fee, Joint Development, Business District and Development Impact Fees, appear to have some potential in the region, but require significant statutory changes or are only applicable in specific situations. This set of mechanisms may have potential in Illinois, but would require further study and/or significant policy and legislative changes to be utilized.

OVERALL CONCLUSION

The prior 2010 analysis demonstrated the effectiveness of value capture for transit projects and quantitatively showed that this tool could have been used to generate the required local match for a new station in Skokie, IL, an area of relatively high property values. This current study supports the conclusion of the prior study that value capture has significant potential as a financing mechanism and extends its application to a broader set of transportation improvement typologies and situations. Specifically, this study highlights the challenges associated with the use of value capture in an economically distressed area, illustrates its effectiveness to fund public parking within a TOD context, and also demonstrates that value capture can be successfully used to fund highway projects.

While each of the project-based analyses in this report found some amount of value capture potential, it is also clear that, in some cases, value capture is likely to provide only a portion of an overall package of local funding contributions for a transportation improvement. While other infrastructure finance tools are not the province of this report, options such as public-private partnerships, user fees/tolls, special sales or use taxes, special federal and state grants and financing tools, and similar funding tools may be necessary to create a full funding package for some transportation improvements. As the Red Line analysis indicates, areas with a history of disinvestment may pose a particular challenge for value capture mechanisms. In this type of area, it may be necessary to solicit additional federal or state resources or, if a local contribution is key, leverage broader municipal, county or regional tax bases to generate a local match.

We believe that in this new, resource-constrained economic reality, it will be necessary to use innovative financing mechanisms such as value capture to ensure that we can continue to build the critical transportation infrastructure to keep our region competitive. While value capture is not the only available tool for generating local infrastructure funding, it has the potential to provide significant contributions toward the capital needs of transportation projects. If value capture is to be utilized in large-scale transportation improvements, it will be necessary for major actors in our region and state to pursue the necessary legislative amendments to facilitate the use of value capture tools for financing regional infrastructure improvements.

1. Introduction

This study is a continuation of a prior study conducted by *SB Friedman* in the fall of 2010 for the Chicago Metropolitan Agency for Planning (CMAP) that analyzed the potential for utilizing value capture to fund transit projects in the Chicago region. Value capture refers to the practice of implementing a tax or fee on private property near a public improvement to take back or "capture" some of the monetary benefit that the property owners gain as a result of the public investment. The revenue from these fees or taxes is then used to pay for part, or all, of the cost of the improvement. The first analysis focused on: reviewing value capture mechanisms utilized nationally and internationally; defining the mechanisms appropriate for northeastern Illinois; applying those mechanisms to a sample transit project; and analyzing the impact of value capture on the development economics of that sample project.

CMAP has engaged *SB Friedman* and URS to build on the original results and apply the analysis to a broader set of transportation improvements focused on the priority projects identified in CMAP's GO TO 2040 Plan. The overarching goals of this analysis were to:

- Apply the transit-appropriate value capture mechanisms from the prior "Transit Value Capture Analysis for the Chicago Region" to at least one additional transit project.
- Research value capture mechanisms for their appropriateness for roadway projects and analyze their value generation potential for at least one roadway project.
- Evaluate the economic and/or development impacts of the chosen value capture mechanisms.
- Provide analysis and conclusions on the broader potential for value capture across multiple types of transportation improvements and development situations.

Background

CMAP's GO TO 2040 Plan ("the Plan") estimates that total funds for major capital transportation projects will be limited to approximately $10.5 billion (in year of expenditure dollars) through 2040 for both transit and highway projects. The Plan outlines a set of 18 priority projects which support the goal of reinvestment in existing communities, have limited impact on natural areas, and will expand the capacity of regionally significant transportation facilities; the Plan also lists 53 additional major capital projects that are either in early evaluation stages or need feasible funding sources to be moved onto the priority (fiscally constrained) list. This indicates a significant need for additional funding sources for major capital transportation projects in the region. *Figure 1.1* on the following page outlines the major transit and roadway projects designated as priority projects by the GO TO 2040 Plan.

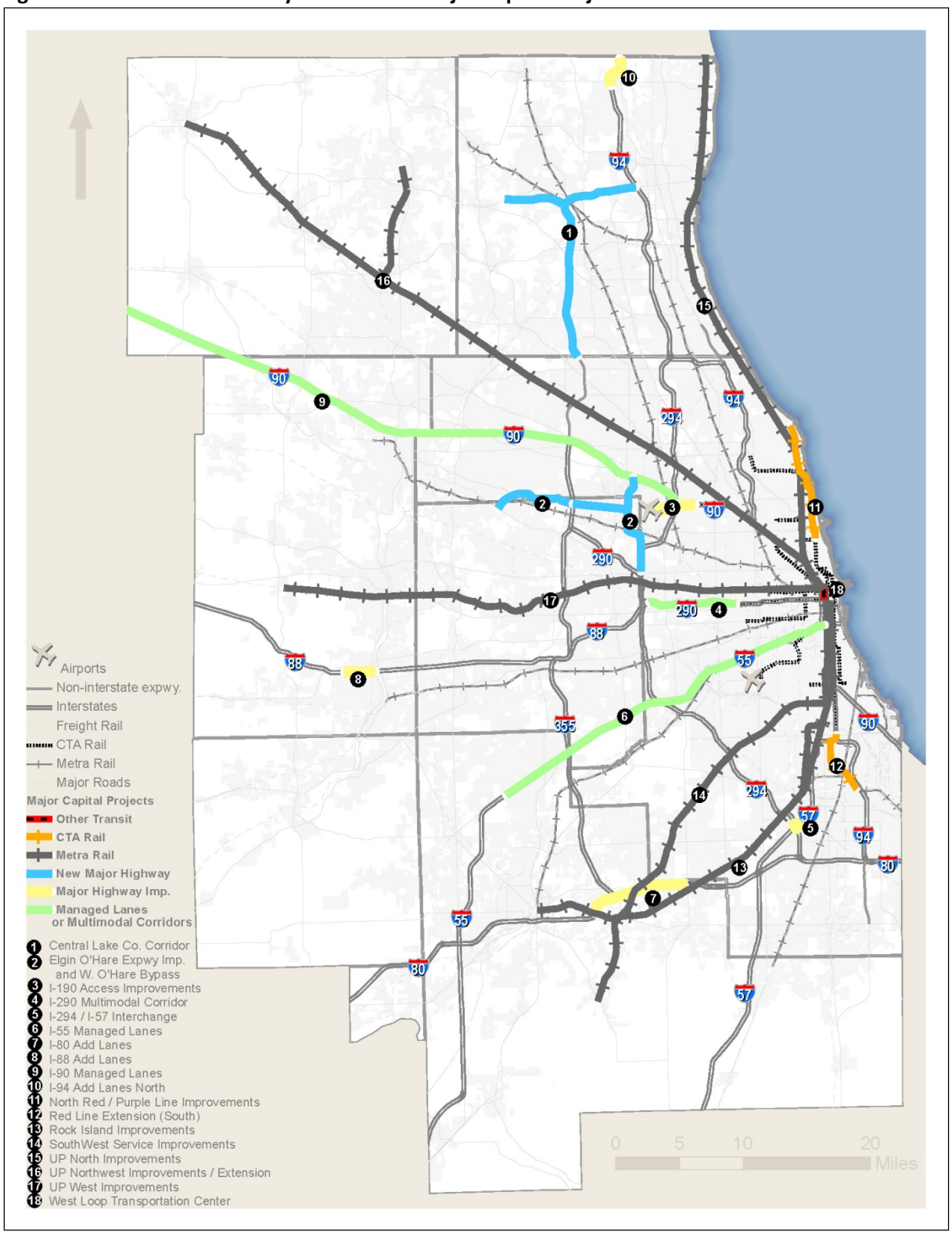
Our prior value capture analysis highlighted the growing need for local match dollars to fund transit projects, with particular attention to the New Starts program. Although the statutorily required local match for New Starts funding is 20%, guidance at the federal level has indicated a new minimum of 40%[1], and competitive projects have attained even higher match percentages[2,3].

[1] Federal Transportation Administration. (2010). *Major Capital Investments (New Starts & Small Starts) (5309): Overview.* Retrieved from: http://www.fta.dot.gov/funding/grants/grants_financing_3590.html

[2] Government Accounting Office. (2010). *Public Transit: Federal Role in Value Capture Strategies for Transit Is Limited, but Additional Guidance Could Help Clarify Policies* (GAO-10-781). Washington, DC: Government Printing Office.

[3] The approved New Starts projects announced in June 2011 average a Local + State contribution of 48%. See Appendix 12.

Figure 1.1: GO TO 2040 Fiscally Constrained Major Capital Projects



Source: Chicago Metropolitan Agency for Planning, 2010

Additionally, while the region has both a significant need for new roadway facilities and upgrade and repair of existing roads, the conventional sources of funding for these improvements are becoming increasingly limited. In particular, federal and state gas taxes have traditionally provided funding for a large portion of transportation infrastructure costs. However, the federal gas tax has not increased since 1993, and the State of Illinois gas tax has not increased since 1990. In addition to new infrastructure needs, recent reports have catalogued the need for repair of existing bridges and roads in Illinois and the United States as a whole. Despite these growing needs for new infrastructure and repair of existing facilities, there is significant political resistance to increasing gas taxes at the federal or state level.

Due to these factors, there is an increasing need for local contributions to fund new infrastructure. In this new economic reality, government agencies throughout the country have been exploring financing sources that leverage local resources to fund a portion of major transportation projects. The rationale behind seeking local contributions is the well-recognized relationship between transportation investments and economic development potential at the local level. Local contributions are also a strong testament to local support for a transportation project and, therefore, provide a competitive edge to project applications seeking federal support.

Report Structure

The remaining chapters in this report are structured as follows:

CHAPTER 2: VALUE CAPTURE MECHANISMS

This chapter summarizes the prior value capture analysis and outlines its major conclusions. Next, recent state legislative changes that impact the potential for value capture and transportation funding in Illinois are analyzed. It then provides an overview of major value capture mechanisms and their potential for usage in highway projects rather than transit. National case studies are outlined for several of the value capture mechanisms. The section then reviews the full set of mechanisms and their current implication for both transit and highway concepts. Finally, the set of chosen projects analyzed in this report is outlined.

CHAPTER 3: RED LINE EXTENSION VALUE CAPTURE ANALYSIS

This chapter provides an analysis of the value generation potential of SSA and TIF value capture districts centered on the Red Line South Extension. It also provides a summary of the fiscal condition of existing area TIF districts and SSAs. Additionally, the impact of new transit access on a typical commercial redevelopment project is also assessed. Finally, all of these analyses are reviewed in the context of the overall economic condition of the surrounding neighborhood and alternative value generation strategies are proposed.

CHAPTER 4: DOWNTOWN WILMETTE PARKING GARAGE ANALYSIS

This chapter provides an analysis of the potential tools municipalities may utilize to finance a TOD-oriented parking structure. High-level case studies of recently constructed garages in three area municipalities are provided. Various the potential and constraints of regional sources of grant funds for parking structure construction are also outlined. Also, an operating pro forma of the proposed Wilmette parking structure is provided and evaluated in the context of the capital funding scenarios. Finally, the

value generation potential of TIF and SSA districts as well as a developer fee was analyzed. While many grant funding sources exist in the region, it was concluded that local funding sources via TIF or SSA will be required.

CHAPTER 5: CENTRAL LAKE THRUWAY/ROUTE 120 BYPASS ANALYSIS

This chapter presents an analysis of the value capture potential of the proposed Central Lake Thruway, with a specific focus on the Route 120 bypass portion of the project. The first portion of the analysis focuses on the development potential of the Bypass area since a significant portion of the land in the area is classified as either vacant or farmland. The value generation potential of both TIF and SSA are then assessed, with a particular emphasis on the value generation potential of non-residential development. A strategy for creating an initial set-aside of TIF revenues for underlying TIF districts is also outlined. Finally, the implications of creating sizeable value capture districts for highway improvements are discussed.

CHAPTER 6: TRANSPORTATION VALUE CAPTURE ANALYSIS CONCLUSIONS

This chapter summarizes the key findings of the analysis. The key lessons from each project are outlined, and conclusions regarding the implementation and effective utilization of value capture mechanisms are provided.

2. Value Capture Mechanisms

Value capture has been utilized throughout the United States and internationally for a number of years. More recently, the tool has been looked to as an option to provide local match funding for a number of transit projects and, in some cases, expressway and major road improvement projects. Our prior analysis defined TIF, SSA and development impact fees as the most appropriate transit value capture mechanisms for Illinois and the Chicago region, but there is a wider set of options that may be better suited to roadway projects. The following section provides a synopsis of the transit value capture mechanisms outlined in the prior analysis and also provides a more in-depth analysis of the broader set of value capture mechanisms and their potential for financing transportation projects in Illinois and the Chicago region.

Summary Results of the Prior Transit Value Capture Analysis

The prior analysis focused on evaluating a range of value capture mechanisms and applying them to a specific transit project on the CTA yellow line in Skokie (the Oakton Station). The major conclusions from the prior analyses are as follows:

- A value capture mechanism similar to a Special Service Area (SSA) or Tax Increment Finance (TIF) district is most appropriate for the CMAP region, with some limited applicability for development impact fees.

    - **TIF-Like Mechanism**: A TIF-like mechanism has the greatest value generation capacity, but this capacity is dependent upon new development and, therefore, less bondable. Additionally, the full value generated is unlikely to be available, as there is a growing concern in Illinois regarding the finances of underlying taxing districts within TIF districts. The scope of the value capture districts contemplated is large, and any potential TIF-like district will need to be carefully designed to balance both the requirement for transportation funding and the need to provide incremental taxes back to underlying districts.

    - **SSA**: An SSA offers a more certain and predictable financing option than TIF, but requires buy-in from district property owners and taxpayers. An SSA mechanism appears to be able to sufficiently fund smaller-magnitude transit improvements (station only) with a reasonable tax rate in a half-mile radius. However, it is unlikely to be able to produce the amount of funds necessary if new trackage is required, unless the potential improvement area is densely built and of high value.

    - **Impact Fee**: Impact fees have relatively limited financing potential for new large-scale transportation projects because the timing and amount of new development is difficult to predict, and because the fee revenues are entirely dependent on that new development. An impact fee may offer significant potential revenue per project, but new development of the scale required is not predictable enough to issue bonds, and may only be suitable when entire transit-oriented districts are being contemplated for new construction or redevelopment.

- For TIF- and SSA-like mechanisms, changes to statute may be required.

    - Both districts are municipal and county-driven, and not currently suited for funding the multi-jurisdictional scope of most transit projects. Creation of special or limited-purpose SSA and TIF districts to fund transit improvements may be necessary to efficiently and effectively fund larger-scale projects.

    - Some areas, particularly newly developing ones, requiring transportation improvements may not meet TIF eligibility criteria. Therefore, a new law may need to be enacted that allows a TIF-like district for transit improvements, in cases where the improvements have been fully analyzed and need sources of local match funding.

Recent State of Illinois Statutory Changes Affecting Transportation Funding

Two recent state statutory changes have the potential to impact the financing of major transportation projects and the menu of potential value capture mechanisms in Illinois. While these initiatives have not been fully incorporated into this report, they are described below and, where possible, have been included in our analysis and discussion.

PUBLIC-PRIVATE PARTNERSHIPS

Both houses of the Illinois legislature recently passed the Public-Private Partnerships for Transportation Act, a statute authorizing the Illinois Department of Transportation ("IDOT") and the Illinois State Toll Highway Authority ("the Toll Authority") to enter into public-private partnerships (PPPs) for the construction and management of major infrastructure projects. This allows IDOT and the Toll Authority to enter into long-term agreements with private entities, who would then assume some portion of the risk and revenues related to building and operating new transportation infrastructure. PPPs are not considered to be a value capture mechanism and are beyond the scope of this analysis. However, public-private partnerships do provide another possible option for building transportation infrastructure in a constrained fiscal environment, and should be viewed as one of the key tools that can be utilized to fund major infrastructure.

BUSINESS DISTRICTS

State law allows both home rule and non-home rule municipalities to designate certain areas as Business Districts (BD) if the area meets eligibility criteria regarding degraded infrastructure and/or building conditions. Through a BD, municipalities may add incremental sales and/or hotel taxes to aid redevelopment efforts within the district, and BD taxes can also be used to fund road improvements. Use of BD hotel taxes was originally restricted to tourism marketing, but a 2010 amendment to the statute expands the allowable expenditures to roads and other physical improvements. This may provide a significant additional source of infrastructure funding for areas that have agglomerations of retail or hotels. In a value capture context, BDs may provide an alternative for capturing some portion of increased retail sales or hotel revenues due to roadway extensions or expansions.

Value Capture Mechanisms for Expressways and Roadways

The initial menu of available value capture mechanisms for highway projects is similar to those reviewed for transit in the prior analysis, but the application of these mechanisms can differ significantly. This is due to the significant variations in the scale and nature of impacts between transit and highways. Transit improvements can increase property values within a quarter to half of a mile, which is generally recognized as the typical walkable distance from a transit station. Highways, however, have much broader impact areas due to the greater distances easily traversed by automobiles; literature studies reviewed by *SB Friedman* indicate that the influence area for highway impacts is typically one-and-a-half to two miles. Furthermore, the greatest advantages will accrue to properties with direct visibility and access from the highway, and these property value impacts generally decline with distance from the new highway infrastructure. Therefore, the geographic size and overall "fee" structure of highway-focused value capture mechanisms will likely differ from that of the mechanisms utilized for transit. URS has authored a memo, *Value Capture for Highway Investments,* as part of this analysis; the full memo is provided in Appendix 1.

The GO TO 2040 Plan defines 10 priority projects for roadway capital improvements. Three of these projects are new roadways or extensions of existing roadways, four are lane additions and improvements to existing roadways, and three are managed lanes or multimodal corridor projects. *Figure 1.1* on page three provides a map of these projects and indicates their improvement category. It is important to note that value capture is more appropriate in situations where new infrastructure significantly adds to or creates development potential. As such, projects that add capacity to existing roadways are less likely to have significant development impacts than projects which create new frontage or new access via additional interchanges. Therefore, value capture mechanisms must be carefully calibrated to assess impacts on both existing and future development. The following analysis reviews the potential of value capture mechanisms for both new roadway and capacity expansion projects.

The URS memo *Value Capture for Highway Investments* (see Appendix 1) builds on the set of value capture mechanisms analyzed in the prior CMAP study, and expands that analysis to include two additional mechanisms from the University of Minnesota Center for Transportation Studies' 2009 report, *Value Capture for Transportation Finance.* These two mechanisms, Negotiated Exactions and Air Rights, have been added to the initial set of mechanisms reviewed for their high-level potential as value capture mechanisms in Illinois and the CMAP region. In addition, Illinois Business Districts have been added to the evaluated mechanism set.

In addition, the original set of value capture mechanisms was re-examined in terms of their applicability to highway and roadway projects within the CMAP region, and in particular, for projects in the GO TO 2040 Plan. An analysis of each mechanism's overall structure, applicability to highway value capture situations and implementation considerations, is presented in *Figure 2.1* on the following pages. These mechanisms are discussed further in the overall conclusions of this chapter.

Figure 2.1: Analysis of Value Capture Mechanisms for Highway/Roadway Applications

Mechanism	Description	Applicability to Highway/Roadway	Implementation Considerations
Tax Increment Financing (TIF)	TIF captures the property tax increase that is caused by growth in the equalized assessed value (EAV) of a district. The base EAV of a district is set at its establishment, and all taxes on property above that base EAV are diverted to the district to fund improvements. *Revenue is based on future property values.*	As improved transportation facilities, such as a new highway or interchange, contribute to growth in property value and development, TIF could be used to capture the incremental growth that occurs. TIF-like districts have been set up in recent years as a financing mechanism for roadway and transportation projects in Texas.	Illinois law would need to be modified to allow creation of a TIF district based on adjacency to existing or planned transportation investments as opposed to other factors. While TIF districts have the unique benefit of not directly adding to the property tax burden, TIFs can also be controversial due to potential negative funding impacts on other taxing districts.
Special Assessments	This is an additional tax or assessment on the full value of a property, usually paid by property owners within a defined district that benefit from the improvement (to the extent that they benefit above and beyond the general public). *Revenue is based on current and future property values.*	Special assessment offers a straightforward, well-understood mechanism for contributing to transportation projects nationally. For large-scale investments, the Commonwealth of Virginia has authorized use of transportation reinvestment districts, which have been used by local counties to help fund major highway projects.	Although most value capture literature refers to the special assessment as a single mechanism (Value Capture SA), Illinois has two types of very distinct special assessment districts: Special Assessment District (Illinois SA) and Special Service Area (SSA). An Illinois SA requires a detailed establishment process and demonstration of a specific benefit to the property owner, while an SSA is easier to establish but requires the support of property owners. These factors may potentially limit the amount of revenue that could be generated.
Development Impact Fees (DIFs)	This is a one-time fee charged to a development based on a justifiable relationship between a development and the off-site transportation infrastructure needed to serve it. *Revenue is based on future development.*	Legal precedent suggests that fees charged would be required to be used for new infrastructure that supports related growth in demand. Many states (e.g., Washington, Florida) have seen widespread application of transportation impact fees. They have also been put in place in Illinois (DuPage County has used a roadway impact fee to help supplement transportation funding for past 20 years.).	Illinois law states that any development impact fee for transportation must be "specifically and uniquely attributable" to the service demands created by the new development. One drawback of the development impact fee is the potential for the fee to negatively influence the development market for a district. Additionally, DIF are problematic for add-lane projects where congestion already exists because DIF revenues cannot remedy an existing deficiency.

Transportation Utility Fee (TUF)	TUFs treat transportation networks in the same manner as other public utilities (e.g., sewer systems), by charging individual properties based on some measure of their impact to the nearby transportation network. *Revenue is based on current and future development.*	Typically used by cities and towns to help provide ongoing maintenance or program funding (most widespread example of their use has been in the State of Oregon). Like impact fees, the TUF needs to be based a discernible link between the transportation usage and the imposed fee. Thus, applicability to roadway projects can be based on estimations of the traffic generation profile for a particular land use.	TUFs have not been used in the Chicago region or in Illinois. Use of a TUF would logically shift more of the cost burden for transportation to commercial and industrial users that have a more direct benefit from, and usage of, the surrounding transportation network. This mechanism is unlikely to generate significant funding for major new highway investment.
Joint Development	Joint development is a broad category, and defined as any collaboration between the public sector and a private developer to develop land in concurrence with transportation improvements. One common example would be when a municipality or transportation agency utilizes land it owns for a redevelopment project, in which it shares profit from the development through a variety of forms of financial participation in the real estate project. *Revenue is based on future development returns.*	Joint development is most often associated with sites adjacent to transit infrastructure, although some examples of highway applications exist, particularly in dense urban expressway corridors. One joint development example which may have relevance for highway projects is the joint locating of utilities along a new highway corridor.	The joint development model is not often used in Illinois or the Chicago region, and by its nature, would be need to be approached on a case-by-case basis to determine if there are relevant applications. Even if joint development agreements were to occur, it would not be certain that a significant revenue stream would be created that would help fund a transportation project.
Land Value Tax	This is an additional tax solely on the land value of a property, without regard to any development that has occurred. For value capture, a land value tax could be used to capture the general rise in the price of land due to the increased accessibility associated with a transportation project. *Revenue is based on current and future land values.*	A tax on only land is rarely used due to a variety of complications, some of which are described under "Implementation Considerations." As a result, there are few documented examples of this mechanism for transportation projects, particularly in the United States.	Illinois law does not currently allow for different property tax rates to be applied to land and improvements. In addition, there is a lack of consistency in the assessment of land values both within Cook County and regionwide, making a tax based on the land value alone to be a functionally difficult method for value capture in the Chicago region.
Negotiated Exactions	Similar in concept to a development impact fee, a negotiated exaction requires a developer to provide some contribution for their impact on local services such as transportation. This is typically determined on a case-by-case basis rather than a formulaic measure. *Revenue is based on future development.*	Because the negotiated exactions do not necessarily, or even typically, involve large sums of money, it is difficult to imagine how this method would be used to help fund a new piece of highway infrastructure.	This may be a way to reduce funding burden on a project (e.g., for property acquisition), but unlikely to be consistently used to generate highway funding.

Air Rights	Air rights are a form of value capture where the public agency utilizes the development value literally above their transportation asset, such as the development situated on top of a roadway or transit station. *Revenue is based on future development potential.*	This is more typically associated with projects in dense urban areas (e.g., Millennium Park), where land demand and zoning regulations are such that major developments on air rights are both feasible from a market standpoint and allowable by the City.	Air rights are unlikely to be a factor for many of the highway projects under consideration in the GO TO 2040 Plan.
Business District (BD)	Municipalities can levy additional sales and hotel taxes (up to an additional 1% for each) within the district to fund redevelopment efforts including road improvements). *Revenue is based on current and future retail sales and hotel revenues.*	Inadequate street layout is an eligibility criteria for designating these districts. Thus there is a clear linkage between this tool and transportation-related improvements.	BD hotel taxes must be collected by the municipality. As with TIFs, these districts expire after 23 years. Ideally, the boundary of each BD would include the right of way for major transportation improvements.

Source: URS and *SB Friedman*

IMPLICATIONS FOR HIGHWAY VALUE CAPTURE

As shown in our analysis above, the strongest potential mechanisms in highway value capture scenarios are similar to those found in the transit value capture analysis. Likewise, many of the same statutory limits and/or political concerns apply, which excludes some mechanisms from being applicable. Below are the tools that were excluded from the set of potential highway value capture mechanisms:

- **Land Value Tax:** As noted in the prior analysis, Illinois law does not allow for differential property tax rates for land and improvements. Furthermore, land assessments vary considerably from property to property. This lack of consistency in land assessment makes creation of a land-value only tax mechanism particularly difficult, even if all statutory blocks to this method were removed.

- **Negotiated Exactions:** Negotiated exactions are similar to development impact fees, but are negotiated on a case-by-case basis. Exactions do not have the direct benefit requirements of a development impact fee, and are therefore highly variable in nature. This results in a revenue stream that is highly unpredictable and likely unsuited as a capital funding source.

- **Air Rights:** Projects utilizing air rights sell development rights above or adjacent to new infrastructure in order to fund a portion of the project costs. This also implies control or ownership of the adjacent land by transportation agency or some public body. Air rights are most suited to situations where land prices are high and there is significant market demand for new housing or commercial space. This combination of factors generally occurs only in dense, urban cores and is unlikely to occur in a highway setting.

Based on the above considerations, and the application of value capture mechanisms in different parts of the country, it appears that a TIF-like mechanism and special assessment (SA or SSA) mechanism are the most likely tools for value capture throughout the CMAP region. TUF, BD, DIF and Joint Development also have potential applications in specific contexts for transportation infrastructure projects. These six mechanisms are discussed in the context of both transit and highway in the conclusion section of this chapter.

HIGHWAY VALUE CAPTURE CASE STUDIES

Many of the mechanisms referenced above are currently being applied in some form in the United States. *Figure 2.2* on the following pages provide a group of case studies related to national applications of SA/SSA, TIF, DIF and DUF and the resulting implications for their use in the CMAP region. Appendix 1 provides further detail on these case studies.

Figure 2.2: Summary of U.S. Value Capture Case Studies

State	Tool	Project Description	Statutory Background	Implications for Illinois
***Mechanism:* Special Assessment District**				
VA	Transportation Improvement District (TID)	Route 28 in Loudon and Fairfax Counties: TID funded widening of a 2-lane arterial to a 6-lane limited access road. The district collects a maximum of $0.20 per $100 of market value for all non-residential properties within the 10,000+ acre district. Bonds were backed a state guarantee. Fairfax County was forced by the state to redact a county-wide downzoning of undeveloped land after it negatively affected the district's ability to repay the bonds.	- 1987: VA General Assembly gave localities the authority to create tax districts to finance transportation improvements. - At least 51 percent of the land owners by area must petition for the district. - Was applied to commercial or industrial land uses. - District type been applied to rail improvements in the state and on the Route 28 corridor. - TID created to fund Metrorail to Dulles Airport.	The mechanism is similar to an Illinois SA or Special Service Area.
FL	Community Development District (CDD)	Becker Road Interchange: Total project cost of $34 million included $19-million addition to the Florida Turnpike in Port St. Lucie and other area improvements. Funded by a special assessment paid by homeowners in the new 1,400-acre Tesoro master-planned golf course community adjacent to the interchange. The developers lobbied for the interchange to increase property values. Residents pay a $2,400 annual assessment on property tax bills to repay the municipal bond. The interchange opened in 2007.	- The State allows for the creation of Community Development Districts under the provisions of Chapter 190 of the Florida Statutes. - CDDs have limited powers and responsibilities: construction, operation and/or maintenance of certain types of infrastructure, including roads and streetlights, water management and drainage control facilities, bridges, culverts, parks and recreational facilities. - Commonly created in new developments to repay back bonds funding initial infrastructure investments. Many are now in default after development halted during the current market downturn.	Similar to Illinois' special assessment mechanism, which is likewise often used to provide infrastructure in new developments. This is an expansion of the types of infrastructure Illinois SAs are commonly used for.

State	Tool	Project Description	Statutory Background	Implications for Illinois
***Mechanism:* Tax Increment Financing**				
TX	Transportation Reinvestment Zone (TRZ)	El Paso: The city recently created two TRZs for an anticipated $70 million of debt to advance initiatives of the regional Comprehensive Mobility Plan through 2040. These districts encompass ~10,000 acres of land surrounding five highway corridors. Hidalgo Loop Highway Project: Hidalgo County created a 175,000-acre TRZ to help fund the $700 million project. The district is situated alongside the proposed expressway that encircles the existing urbanized area within the County. City of Forney Interchange: The city (Dallas-Fort Worth region) established a 5,000 acre TRZ in 2008 to help fund an interchange at U.S. Highway 80 and FM 470, along with additional U.S. Highway 80 projects. The TRZ is projected to collect $14 million through 2038.	- TIF-like mechanism, but applies only to the municipal portion of property taxes. - A 2007 statute (Senate Bill 1266) allows cities to create zones for transportation infrastructure investment. - TRZs are a new method in Texas for funding transportation projects. - Current legislative agenda seeks to extend TRZ utilization to transit capital projects.	This is one potential analog for a TIF limited to funding transportation projects. Tax Increment Reinvestment Zone (TIRZ) structure in Texas is more limited than in Illinois. In particular, underlying districts always negotiate the percentage of increment that is shared. The structure for TRZs is further proscribed, and only allows a municipality to use its own increment rather than the increment from all districts. This restricts value generation potential.
OH	Tax Increment Financing (TIF) District	West Chester Township Interchange: The township (north of Cincinnati on I-75) used TIF to finance the $24-million Union Centre Boulevard interchange in 1990. The project spurred development of this previously rural area. This is one of numerous TIFs established in the early 90s to fund infrastructure that paved the way for economic development in the area. Liberty Township Interchange: The township (also north of Cincinnati on I-75) has used TIF to repay the funding of interchange and intersection improvements over time. For example, a TIF-surrounding Liberty Way helped fund interchange and infrastructure improvements to this major arterial.	- Ohio has allowed for TIF financing of transportation infrastructure such as highway interchanges in developing areas. - A 1994 change in the statute allowed school districts to negotiate the share of funding that goes to a TIF district. Many of the 30-year districts established prior to this law are seen as problematic for schools facing budget deficits in fast-growing areas.	Unlike Illinois, Ohio localities may establish TIFs in rural areas based on the need for infrastructure rather than blight conditions. However, the problems related to school district funding shortages are similar to those in Illinois and appear to be exacerbated by the significant amount of new development spurred by the expanded rural road network. Large TIFs for transportation funding in Illinois would likely have to address such issues before they are approved/ established.

State	Tool	Project Description	Statutory Background	Implications for Illinois
***Mechanism:* Development Impact Fees**				
IL	Roadway Impact Fees (RIFs)	DuPage County Impact Fee Schedule: The county has established nine geographical transportation impact fee service areas and an impact fee schedule for each area to fund capacity enhancements to the County highway system. Fees are assessed based on the traffic generation characteristics of new development, with different rate schedules for residential and commercial development. Example fees (effective March 2007) were $312 per 1,000 square feet for single-family detached homes, or $916 for any retail development between 50,000 and 300,000 square feet.	- 1989 Road Improvement Impact Fee Law authorizes counties with a population >400,000 and all home-rule municipalities to impose impact fees. - Must be directed toward infrastructure needs created by new development and are "specifically and uniquely attributable" to that development. This limits usage to new roadways or added capacity. - DuPage County originally established roadway impact fees in 1988 under previous enabling legislation. The program faced legal challenges from developers that forced changes to the calculations and application of the program funds.	Provides a set of lessons for creating a set of RIFs and a fee schedule. Questions remain regarding applications in rural areas where potential development is on greenfield sites versus fully developed areas where both existing development and potential redevelopment benefit from the improvement.
WA	Development Impact Fees	City of Auburn Transportation Impact Fees: The city charges fees based on the trip generation rates for newly developed uses. For example, a single-family residence is charged a fee of nearly $4,000. Camas Traffic Impact Fee: The City created an impact fee to fund future roadway capacity enhancements. For example, a single-family residence is charged a fee of a little more than $3,000. Des Moines Transportation Impact Fee: The City applies a fee to help fund a $104 million program of roadway expansion, with impact fees targeted to pay for more than half of the planned improvements. For example, a single-family residence is charged nearly $7,000.	- Transportation Impact Fees are allowed under the Washington State Growth Management Act to help fund growth-related capital facility improvements to public streets and roads. The Act allows many types of infrastructure to be funded by an impact fee. - Local jurisdictions must demonstrate that the fee schedule for impact fees is related to the demand generated by new development. - Funds may only be used for system improvements that resolve growth-related deficiencies rather than addressing pre-existing transportation deficiencies.	Similar set of rules to the Illinois impact fee system and case law.

State	Tool	Project Description	Statutory Background	Implications for Illinois
***Mechanism:* Transportation Utility Fees**				
OR	Transportation Utility Fee (TUF)	Oregon City Pavement Maintenance Utility Fee: The fee was established in 2008 and is used for rehabilitation and maintenance of City streets. Users are charged based on the number of trips generated by each land use, as determined by ITE trip generation rates.	- The State of Oregon allows localities to enact transportation utility fees to make up for continued erosion of State gas tax revenues as a local funding source. - TUFs have been successfully challenged in other states, but municipalities in Oregon have not yet had to scale back their use.	Utility of this mechanism appears to be limited to maintenance rather than construction of new infrastructure.
		Hillsboro TUF: The TUF went into effect in 2009 to help the City clear its backlog of street maintenance projects as well as sidewalk and bicycle path improvements. Residents pay a flat fee of ~$3 per month, while other uses pay based on the type and square footage of the structures.		
		Corvallis Transportation Maintenance Fee: The fee was put into place in 2005 and generates >$400,000 per year for pavement maintenance projects. The fees are set so that approximately 75% of the funding is generated by residential property, which reflects the breakdown of land uses within the community.		

Sources: URS and *SB Friedman*

Value Capture Mechanism Conclusions

Both the previous phase of work and the analysis above have identified TIFs and special assessment districts as likely value capture tools to use to fund major transportation projects within the CMAP region. These tools are discussed below with regard to their overall benefits, limiting factors, and potential highway and transit applications. As already noted, this set of tools is primarily municipal in nature, although some can be established at the county level. This will pose problems for applications over the large geographic areas generally associated with major transportation improvements, and statutory modification of each of these tools should be considered to allow for the creation of multi-jurisdictional districts that can more efficiently fund transportation improvements.

- **Tax Increment Financing:** TIF districts are a critical tool for value capture, and have the advantage that they do not directly increase property tax rates. However, TIFs are widely used in Illinois and are currently facing significant resistance from underlying taxing districts. Furthermore, TIFs centered on roadway or transit improvements would be significantly larger in size than most existing TIFs in the region and would cross multiple municipalities. This large geographic scope and potential broad fiscal impact further emphasizes the need to analyze the options available to balance transportation funding needs with the fiscal concerns of underlying taxing districts, and work to reach an equitable increment sharing strategy.

- **Special Assessment Districts:** Illinois SAs and SSAs are the most bondable source of value capture revenue, providing significant potential to generate up-front funding for capital costs. However, they must be calibrated so that they do not also reduce development demand by increasing costs too much. Moreover, due the nature of special property tax districts, the boundaries must be calibrated to include only an area where direct benefits of the new infrastructure can be proven. While the research on the impacts of transit on property values is well established, the impacts are less certain for roadways, and positive impacts may be limited to non-residential property. This limits the application of SSAs to many roadway situations. Additionally, as with TIF, the size of the districts contemplated is very large and the boundaries are likely to cross multiply municipalities. In the case of either transit or roadways, this is likely to raise equity concerns as each community will benefit differently from a given improvement. Therefore, benefits of an added tax to fund transportation infrastructure must likely be demonstrated to both municipalities and property owners, and tax rates should be carefully calibrated to account for those benefits.

In addition, a second set of mechanisms appears to have some potential in the region, but requires significant statutory changes or appear to be only applicable in a few unique situations in the region. This set of mechanisms may have potential in Illinois, but would require further study and/or significant policy and legislative changes. Many of these suggestions also apply in a transit context (excluding TUF).

- **Transportation Utility Fee (TUF):** TUFs appear to be most commonly used for maintenance and repair of existing roads rather than construction of new roads, but have the benefit of targeting charges to those who use roads more frequently, such as commercial properties. Further, TUFs charge both existing and future users, an important equity consideration in areas that are already developed. As with impact fees, a direct and equitable connection to the service provided must be demonstrated, and TUFs without a sufficiently strong connection between the transportation improvement benefit and the imposed fee have been successfully challenged in

court. Case studies in the full analysis demonstrate its successful application in Oregon. Given the legal uncertainty around this tool and its normal application to maintenance costs, significant additional research is needed to assess its potential application as a funding tool for new infrastructure and its potential for Illinois.

- **Joint Development:** This strategy appears to have the strongest potential for ongoing revenue streams, such as land leases allowing construction of utility or fiber optic lines along a new road right of way (ROW). In most development situations, it has limited potential to fund up-front capital costs. However, joint development has produced major new infrastructure in the nation in several unique situations. Joint development is pursued in some cases in the region through the installation of communication infrastructure in transportation ROW, but it does not appear to have significant potential to provide up-front capital funding for highways. In Illinois (and many other states), public entities must purchase only the minimum amount of land required for an improvement project, leaving little land available for joint development projects. Further, there are federal and state requirements regarding disposition of land purchased with their funds that may also negatively impact the potential for joint development. As a result, the current set of case law, federal and state statutes and rules, and case studies would need to be considered to define avenues for allowing greater land acquisition powers and creating a better environment for joint development in Illinois.

- **Business District (BD):** Business districts provide an opportunity to utilize a growing source of revenue for transportation projects in the US: sales and use taxes. In some portions of the region, particularly Cook County, current sales tax rates are a vital concern. However, many communities still have the potential to increase their sales and hotel taxes as long as that increase is evaluated in concert with its potential impact on existing businesses and development impacts. As with TIF and SSA, BDs are a municipal tool and would need to be established by each municipality participating in a value capture financing structure. Establishment of a multi-jurisdictional tool would allow greater potential to capitalize on this tool's potential. BDs appear to be most effective in situations where significant development has already occurred. These districts are most likely to generate sufficient revenue to fund major capital projects when there are already concentrations of hotel or retail uses. This indicates that BDs may be particularly suited to capacity expansion projects in developed areas. Some major new projects, such as the Elgin O'Hare Expressway and Western Bypass, are also likely to have potential because the surrounding areas are already built out. Finally, BDs may have potential in areas where significant development is planned by a single development entity, market potential is proven for the planned development, and the developer has proven capacity to fully construct the proposed development.

- **Development Impact Fees (DIF):** Due to the need to demonstrate a link between new development and transportation needs, it is likely that this tool would most be useful for areas where ongoing development is creating the need for additional infrastructure, such as its current incorporation into county capital improvement programs. Catalytic, regional projects in already-developed areas, particularly the New Projects and Extensions contemplated in the Plan, have a higher burden in proving that the proposed exaction is "uniquely and specifically attributable" to the benefits of the transportation improvement. Additionally, utilization of an impact fee for a catalytic improvement in a developed area may unequally impact new development versus existing development, which also benefits from significant added access.

Finally, since development impact fees are dependent upon the unpredictable nature of future development, it is difficult to monetize this revenue stream to generate up-front revenues for capital improvements. This tool has significant potential at the county level and for smaller projects, and is being successfully used in Kane and DuPage counties to fund road improvement programs.

Value Capture Analyses of Planned Projects

The remainder of the report will evaluate these tools in the context of three planned transportation improvement projects in the region, keeping in mind the benefits and limitations above. This will allow for further understanding of the potential for these value capture mechanisms in the region. The evaluated projects are:

1) The CTA Red Line South Extension
2) A Parking Garage in Downtown Wilmette
3) The Central Lake Thruway/Route 120 Bypass

3. Red Line South Extension Analysis

The Chicago Transit Authority (CTA) is currently evaluating the potential to extend the Red Line from its existing terminus at 95th Street south to 130th Street, and add four new stops along this length. The proposed path would follow I-57 to the existing Union Pacific Railroad (UPRR) right of way (ROW), then head south and east along that ROW until it transfers to the Northern Indiana Commuter Transportation District's (NICTD) South Shore Line ROW near 120th street. The proposed terminus at 130th Street will include a new CTA rail yard and a large Park & Ride facility. *Figure 3.1* on the following page outlines the proposed route and new stops.

The Red Line Extension was selected for this analysis for several reasons. First, it is a Priority Project for the GO TO 2040 Plan and will help further the infill development goals of the Plan. Additionally, the extension will provide access to an area with severe disinvestment and few transit options. Targeted redevelopment projects and the new transit could create a synergy that stimulates renewed private development and investment in the neighborhood. The prior value capture analysis study focused on a transit project within downtown Skokie, an area with relatively high property values and a clear market demand for transit and transit-supportive development. Not all areas in need of transportation investments have strong market potential and high property values. In this case, the analysis will focus on an area with historic disinvestment to understand the potential for value capture across a wide range of scenarios.

Key Project Elements and Capital Costs

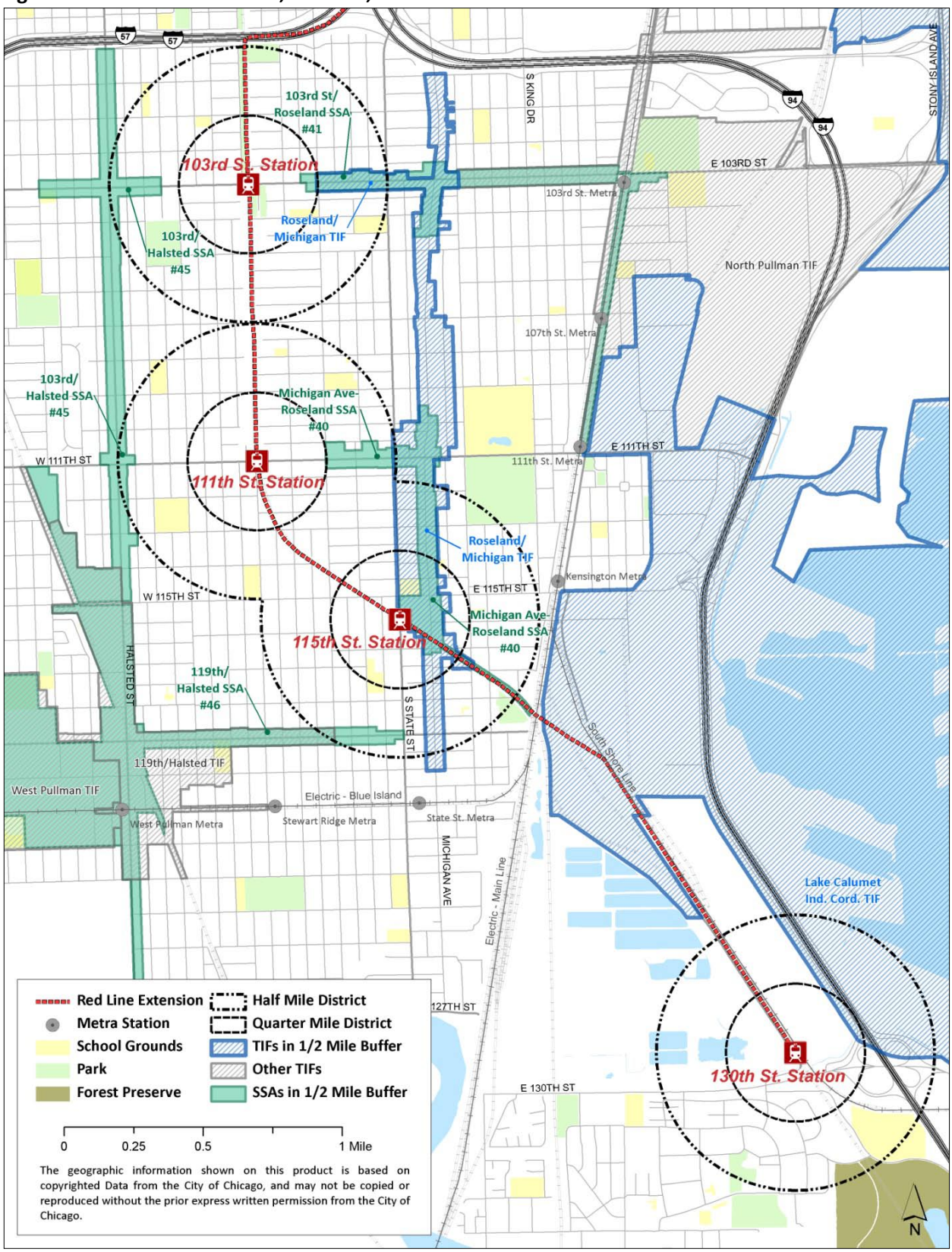
The proposed Red Line Extension consists of three major elements: extension of CTA trackage from 95th street to 130th along existing highway and railroad ROW paths, construction of four new stations, and creation of a new rail yard at the 130th street station to allow for more efficient utilization and storage of rolling stock. Although the new rail yard is not eligible for federal New Starts funding, all other elements of the project are. The existing Union-Pacific Railroad and NICTD South Shore line trackage are at grade, but all anticipated Red Line Extension trackage will be elevated.

The Locally Preferred Alternatives Analysis for the Red Line Extension estimates that all elements of the project will cost approximately $1.1 billion. The new CTA yard is not eligible for federal New Starts funding, and its costs are projected to be approximately $215 million. This leaves approximately $879 million in costs that are eligible for New Starts funding. For the purpose of the value capture analysis, *SB Friedman* focused on the costs eligible for the federal New Starts program, and sought to project the potential of the study area to provide 40% of the total New Starts-eligible costs as well as 40% of the costs attributable to the new stations. Further detail is provided in the Value Capture Analysis section, later in this chapter.

Value Capture Area Definition, History and Existing Conditions

The following section describes the logic behind the value capture area definition as well as describing neighborhood history current land uses, and the state of existing special taxing districts in the neighborhood.

Figure 3.1: Red Line Extension, Stations, and Area TIFs and SSAs



NEIGHBORHOOD HISTORY

The proposed Red Line Extension runs in large part through the Roseland Community Area of the City of Chicago (the "City"). As with many City neighborhoods, the area began as a manufacturing district, in this case centered around the Pullman plant and nearby steel mills. The area was originally known for its diversity of ethnicities, classes and religions, which were united by common concerns about labor and workers' rights. By World War I, easy access to downtown via two commuter rail lines led to transitioning of portions of the neighborhood into white, middle-class enclaves, and the area retained this mixed character through the end of World War II. [4]

During the mid-twentieth century, the neighborhood began to divide along the race and class lines that affected many urban areas during that time. While new housing continued to be constructed, major new developments were aimed at African-American residents. At the same time, manufacturing was declining in the area and jobs were disappearing. By 1980, the nearby steel mills, the Pullman plant and other major factories had downsized or closed. As these jobs moved away, white residents moved out of the Roseland. This left a significant stock of empty and/or abandoned housing. As a result, the U.S. Department of Housing and Urban Development (HUD) designated the neighborhood as an Urban Homestead Area during the mid 1980s, offering reduced prices and low-interest mortgages to incentivize repair and renovation of empty homes.[5] This and other efforts were unsuccessful in preventing further disinvestment in the neighborhood, and Roseland today faces a number of infrastructure and economic problems that pose barriers to growth. The Red Line extension, City redevelopment projects, and other economic and social initiatives provide a new set of options to help stabilize the neighborhood and spur renewed investment in the area.

VALUE CAPTURE DISTRICT DEFINITION

As with the prior transit value capture analysis, quarter- and half-mile buffers were created around the proposed stations to delineate potential Transit Value Capture Districts (TVCDs). This focus on the new stations rather than the entire proposed trackage creates somewhat discontiguous value capture districts in both the half- and quarter-mile scenarios. In this case, the half-mile districts overlap, and the only area between stations that is not covered by the half-mile radii is a Metropolitan Water District facility. *Figure 3.1* on the preceding page outlines the proposed quarter- and half-mile districts.

Station-centered districts were chosen based on research findings indicating that property value and rent increases related to new transit investments are concentrated within half a mile of new stations.[6] Areas along the trackage of new transit lines not near a station are not proven to increase in value, and were therefore excluded from the analysis.

AREA LAND USES AND ANCHORS

The proposed Red Line Extension is located in an area comprised of a mix of residential, commercial and institutional land uses, and as such, the proposed stations are located in areas with distinctly different

[4] Reiff, Janice L. (2011). "Roseland" (Encyclopedia of Chicago*).* Retrieved from: http://www.encyclopedia.chicagohistory.org/pages/1094.html

[5] Ibid

[6] Jeffrey J. Smith and Thomas A. Gihring. November 2006. "Financing Transit Systems through Value Capture: An Annotated Bibliography" (Victoria Transport Policy Institute)

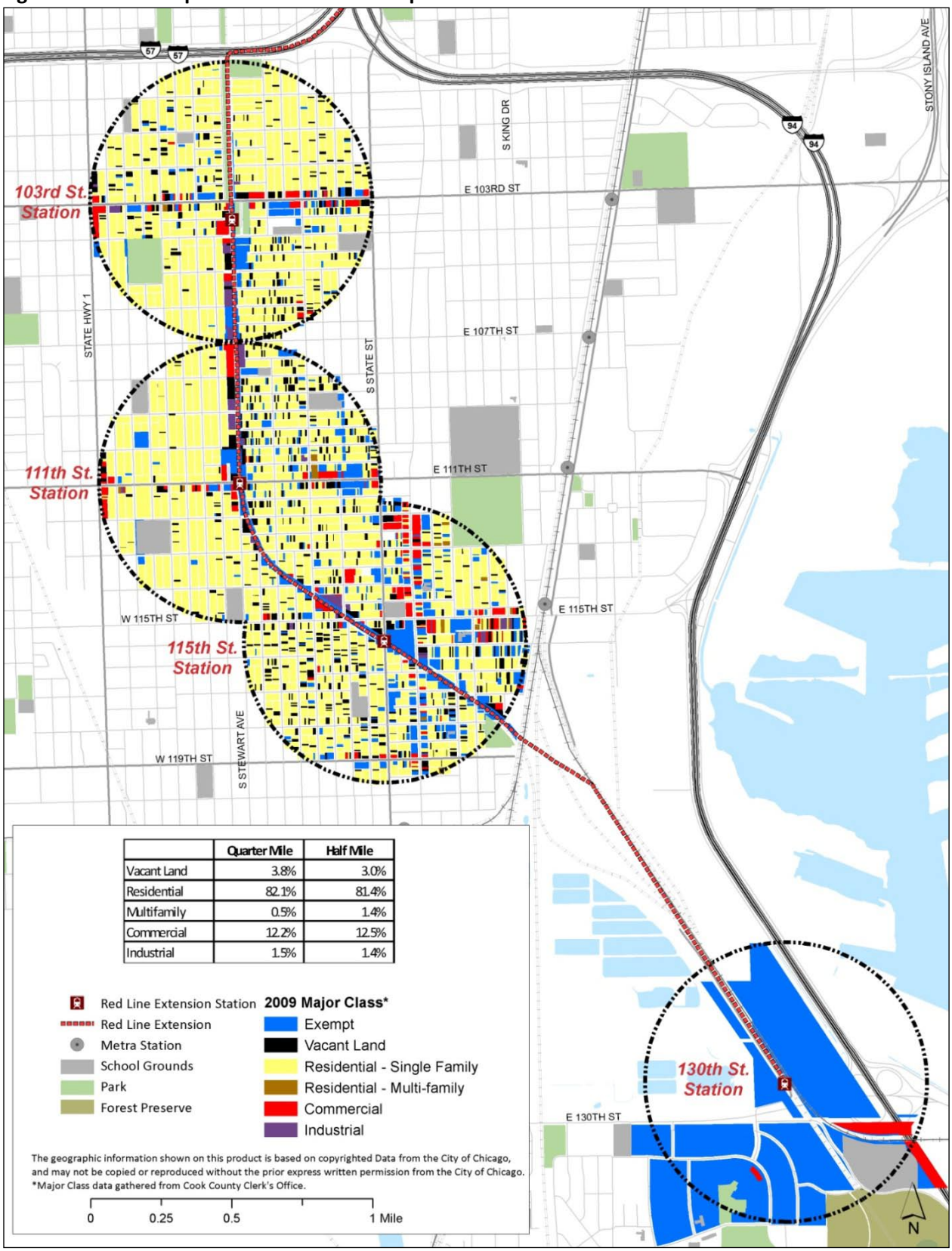
neighborhood characteristics. *Figure 3.2* on the following page provides a depiction of vacant, residential, commercial, industrial and exempt land uses in the study area.

The proposed 103rd Street and 111th Street stations are surrounded by predominately residential neighborhoods. The homes are generally single-family, with an eclectic mix of bungalows, Georgians, wood-frame homes, and some three-and four-flat buildings. The intersection of 115th and State is located within a commercial corridor, and the City of Chicago is currently working with developers to bring a new commercial center and grocery store to the site at the southeast corner of this intersection.

The potential 130th Street Station and CTA yard are located in an area that is primarily industrial and institutional. The proposed improvements are flanked by a Metropolitan Water Reclamation District (MWRD) facility on the north, an interchange between 130th Street and the Bishop Ford Expressway directly to the east, the Carver Military Academy and a Cook County Forest Preserve to the southeast, and the Chicago Housing Authority's Altgeld Gardens and Phillip Murray Homes to the southwest. Unlike the neighborhood- and commercial-oriented stations to the north, this station's main purpose is to serve as a connector to other transportation modes. The station will provide a large Park and Ride facility for new commuter access, and has further potential to link the South Shore Line and the industrial job centers, such as the Ford Supplier Park to the east, to the broader CTA system.

As the map indicates, the study area contains a significant number of exempt or vacant parcels. Many of the vacant parcels are located in residential areas and are likely to remain residential, if redeveloped. However, there is vacant land near the stations or on commercial corridors that, if redeveloped, could change the balance of land uses in the area. While some of the exempt parcels are held by the City and may be redeveloped, the majority of the exempt land uses are railroad tracks or railroad yards, schools, parks, churches, and MWRD facilities. It is unlikely that these types of exempt parcels will transition to other uses in the near term.

Figure 3.2: Value Capture Area Land Use Map



	Quarter Mile	Half Mile
Vacant Land	3.8%	3.0%
Residential	82.1%	81.4%
Multifamily	0.5%	1.4%
Commercial	12.2%	12.5%
Industrial	1.5%	1.4%

EQUALIZED ASSESSED VALUES

Over the past 10 years, equalized assessed values (EAVs) in the study area have increased at a similar overall rate to that of the City of Chicago. Residential property values have supported the value increases, with all other property types increasing at rates less than that of the City. *Figure 3.3* below provides the study area 2009 EAVs and PIN counts by major class.

Figure 3.3: Red Line Value Capture District EAV and PIN Count by Major Class

	2009 EAV		Number of PINs	
Class Description	**Quarter Mile**	**Half Mile**	**Quarter Mile**	**Half Mile**
Exempt	$ -	$ -	256	777
Vacant Land	$ 2,887,333	$ 10,197,828	290	1,016
Residential [1]	$ 47,067,082	$ 212,462,727	1,799	7,123
Commercial	$ 10,365,706	$ 41,990,334	89	282
Industrial	$ 1,229,625	$ 3,759,586	20	53
Total	**$ 61,549,746**	**$ 268,410,475**	**2,454**	**9,251**

[1] Less residential exemptions
Sources: Cook County Assessor, Cook County Clerk and *SB Friedman*

As noted above, the predominant land use within the totality of the quarter- and half-mile station areas is residential, particularly single-family detached housing. According to the Northern Illinois Multiple Listings Service, the average sale price for a single-family home in the Roseland neighborhood between 2009 and 2011 was approximately $52,000, and the median price was approximately $29,000. Twenty-seven percent of the tracked home sales were foreclosure-related. For comparison, the average and median sale prices for a home located within Chicago, south of Pershing Avenue, were $105,000 and $80,000, respectively. The average and median sale prices for a single-family home, south of 79th Street and east of I-94/I-57, were $70,000 and $45,000, respectively. Single-family homes are traditionally a low-value land use. However, the home prices and the resulting EAVs in Roseland are significantly lower than in other portions of the south side of the City.

Furthermore, vacant land comprises 4% to 5% of the study area EAV. The land use map on the prior page shows a significant scattering of vacant sites in the study area, particularly in neighborhoods east of the existing UPRR ROW and along the ROW itself. These parcels appear to be distributed throughout the study area, both in residential neighborhoods and on commercial corridors. As noted above, the vacant residential parcels provide potential for residential infill development seeking to capitalize on new transit access. Vacant sites on commercial corridors or near the new stations have greater potential to increase study area EAV through future catalytic redevelopment projects, which would positively impact value capture potential. However, given the small and scattered nature of these sites, significant land acquisition will need to occur for major redevelopment to take place.

AREA TIF AND SSA ANALYSIS

To assess the potential of creating a VCD for the Red Line South Extension, *SB Friedman* compiled EAV, tax rate and tax levy data for area SSAs, and annual increment and projected commitments for area TIFs. This data provides an indication of the value generation potential of a potential value capture district and also provides metrics that were used for the value capture analysis in the subsequent section. There

are four SSAs and three TIFs within or near the study area. These districts cover a significant portion of the commercial and industrial land uses in the study area and surrounding neighborhood. *Figures 3.4*, below, and *3.5*, on the following page, provide summaries of the data compiled for these taxing districts.

One of the key metrics provided by the TIF and SSA data is the tax delinquency rates. *SB Friedman* normally sees tax delinquency rates of 5% to 10% in most special taxing districts, even during economic downturns. Most of the study area TIFs and SSAs have delinquency rates above this threshold, which could be an indicator of economic distress. The high number of vacant parcels is a contributing factor; an analysis of delinquency rates across the seven SSA and TIF districts indicates the vacant parcels have the highest delinquency rates. While their overall delinquency rates are lower than that of vacant parcels, the commercial parcels are responsible for approximately 50% of overall unpaid taxes due to the combination of higher EAVs and higher than average delinquency rates. See Appendix 2 for further data on delinquency rates by property type.

Figure 3.4: Area SSA EAV, Delinquency and Levy Data

	SSA 40: Michigan & Roseland	SSA 41: 103rd & Roseland	SSA 45: 103rd & Halsted	SSA 46: 119th & Halsted	Quarter-Mile TVCD	Half-Mile TVCD
2009 Tax Delinquency Rate [1][2]	19.3%	22.0%	8.2%	11.0%	No Data	No Data
2009 Assessed Value of Parcels [1]						
Mean	$25,416	$19,222	$35,971	$19,912	$9,437	$10,454
Median	$10,473	$7,174	$6,599	$2,842	$9,791	$10,162
TOTAL 2009 EAV [3]	$17.4MM	$16.2MM	$57.3MM	$39.1MM	$60.7MM	$231.6MM
2009 Tax Rate	1.287%	1.197%	1.205%	1.982%	n/a	n/a
2009 Levy	$223,350	$195,250	$690,037	$775,637		

[1] Tax delinquency and assessed value from 2009 Paid Indicator Reports provided by the Cook County Clerk Tax Extension. These reports provide EAV less exemptions.
[2] In *SB Friedman's* experience, normal tax delinquency rates range from 5% to 10%.
[3] Cook County Clerk 2009 Agency EAV report.
Sources: Cook County Treasurer, Cook County Clerk and *SB Friedman*

All four area SSAs have tax rates above 1%, and the average SSA tax rate for the area is 1.45%. These rates are higher than the range normally seen for SSAs in the City and region, particularly for SSAs that are providing services rather than repaying infrastructure bonds. For comparison, the average and median 2009 tax rates for City of Chicago SSAs were 0.71% and 0.44%, respectively. See Appendix 3 for a full list of City of Chicago SSAs and their 2008 and 2009 tax rates.

City staff has indicated that these SSAs are providing services such as added security personnel, marketing and tenant recruitment assistance, façade improvement programs, and neighborhood cleanup services. In *SB Friedman's* experience, rates for SSAs providing similar service sets and budgets generally range from 0.25% to 0.75%, and are rarely more than 1.0%. In this case, the combination of low assessed values and TIF district overlap leads to the requirement for a significantly higher tax rate to generate a comparable amount of funds.[7]

[7] When SSAs overlap TIF districts, they may only receive taxes on the base EAV of TIF parcels, leading to a significant decrease in the EAV that an SSA tax pulls from. As a result, SSAs which largely overlap TIF districts have artificially high tax rates to

Figure 3.5: Area TIF Delinquency, Increment and Projected Expenditure Data

	Roseland/Michigan	Lake Calumet Industrial Area	119th/Halsted
Establishment Year	2002	2000	2002
Base EAV	$29,627,768	$176,186,639	$18,853,913
2009 EAV	$49,972,806	$267,067,227	$36,781,079
2009 Tax Delinquency Rate	**13.2%**	**8.7%**	**15.3%**
2009 Projected Incremental Taxes [1]	$753,214	$4,151,284	$628,348
2010 Projected Incremental Taxes [2]	$632,392	$4,694,250	$657,848
2011 Projected Incremental Taxes [3]	$841,400	$3,707,600	$670,200
2012 Projected Incremental Taxes	$841,400	$3,707,600	$670,200
2013 Projected Incremental Taxes	$833,800	$4,366,000	$752,000
Projected Incremental Taxes, 2009 - 2013	**$3,902,206**	**$20,626,734**	**$3,378,596**
2009 TIF Expenditures [1]	$104,269	$3,329,865	$257,634
2010 Projected TIF Expenditures [2]	$72,158	$2,674,236	$1,191,383
2011 Projected TIF Expenditures [3]	$1,454,500	$1,157,770	$2,066,866
2012 Projected TIF Expenditures	$615,800	$255,460	$486,758
2013 Projected TIF Expenditures	$216,100	$260,580	$686,435
Projected TIF Expenditures, 2009 - 2013	**$2,462,827**	**$7,677,911**	**$4,689,076**
Estimated Remaining 2009-2013 TIF Funds After Existing Commitments	**$2,725,718**	**$28,701,596**	**$1,093,574**
Percent of 2009-2013 Incremental TIF Funds Committed	**63%**	**37%**	**139%**
Projected TIF Expenditures Required to Completed Existing Projects, 2014 and later [1][4]	**$300,000**	**$634,990**	**$1,002,691**

[1] City of Chicago TIF 2009 Annual Reports
[2] City of Chicago TIF Projected Fund Balances (2010-2012)
[3] City of Chicago TIF Projected Fund Balances (2011-2013)
[4] These projects will be completed after the latest year for which projected incremental tax data is available.
Sources: City of Chicago, Cook County Treasurer, Cook County Clerk and *SB Friedman*

AS with SSAs, two of the three area TIFs are similarly stressed. Both the Roseland/Michigan and 119th/Halsted TIFs currently generate less than $1 million in tax increment annually and have high tax delinquency rates. At this time, the 119th/Halsted TIF appears to have near-term commitments

compensate. Due to the special overlay nature of SSAs, state statute allows remittance of SSA taxes from a TIF back to an SSA without incurring the need to share with all other districts. However, current City of Chicago policy does not allow this.

exceeding its revenues. Discussions with City staff indicate that this shortfall will be paid for by an existing balance of funds in the TIF of approximately $2.4 million. However, its ongoing commitments to several Redevelopment Agreements (RDAs) and contributions toward area infrastructure projects mean that expenditures from this TIF will meet or exceed incremental revenues for the next several years. The Roseland/Michigan TIF has a single existing RDA commitment, and its planned expenditures are largely related to area infrastructure improvements.

The Lake Calumet Industrial Area TIF has the largest potential pool of increment available, and currently has only a single RDA commitment. According to the City of Chicago TIF Projected Fund Balances (2011-2013), this TIF will accrue more funds than it expends through 2013. This TIF is east of the value capture study area, and is predominantly industrial. It has benefited from the creation of the Ford Supplier Park and other industrial redevelopments, and therefore, generates a larger pool of increment than the neighborhood-commercial TIFs to the west. While it only encompasses a short section of the proposed extension, the TIF may have potential to provide local match funds for the improvement, particularly if the TIF is expanded to encompass or abut the proposed station.

Red Line Extension Value Capture Analysis

Overall, the study area described above has a number of factors that limit the potential for value capture, such as considerable disinvestment and a preponderance of low-value land uses. However, the construction of new transit in combination with targeted redevelopment projects has the potential to spur increased development in the area. The proposed Red Line Extension is a critical component of the overall revitalization strategy for the area, and has the potential to spark catalytic redevelopment, both near transit stations and in the larger neighborhood. Therefore, *SB Friedman* completed a high-level analysis of the potential value that could be generated by SSA- and TIF-like value capture districts.

PROJECT COST ASSUMPTIONS

As noted in the Key Project Elements and Capital Costs section, the total costs of the Red Line Extension and new rail yard are approximately $1.1 billon. *Figure 3.6* below outlines the costs of each element of the proposed improvement.

Figure 3.6: Red Line Extension Costs

Project Element	Cost (2009 $s)
Hard Costs	
Guideways & Track Elements	$ 180,000,000
Stations, Terminals, Stops	$ 154,000,000
Sitework & Special Conditions	$ 21,000,000
Right of Way, Land Acquisition	$ 32,000,000
Equipment	
Systems	$ 128,000,000
Vehicles	$ 175,000,000
Professional Services	$ 139,000,000
Unallocated Contingency	$ 50,000,000
Line Extension TOTAL	**$ 879,000,000**

New Yards, Shops, Administration Buildings	$	215,000,000
Line Extension and New Yard TOTAL	**$**	**1,094,000,000**

Source: CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report and *SB Friedman*

For the purpose of this analysis, value generation was analyzed in the context of the local match required for New Starts-eligible costs as well as a portion of the Station construction costs. Costs attributable to the stations were calculated by adding the $154 million of capital costs above and a proportional allocation of all non-track expenditures. The New Starts and "Station Only" costs used for this analysis are depicted in *Figure 3.7* below.

Figure 3.7: Red Line Extension costs for Value Capture Analysis

	Total Cost	40% Local Match
New Starts Eligible Extension Cost [1]	$ 879,000,000	$351,600,000
Stations Only [2]	$215,100,000	$86,060,000

Source: CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report and *SB Friedman*
[1] Includes station costs and all other New Starts eligible costs, excludes new yards, shops, administration buildings
[2] Station costs were calculated from the cost data provided in "CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report." Overhead, professional services and general conditions costs were proportionately assigned based on station capital costs and total New Starts eligible costs.

BONDING ASSUMPTIONS

SB Friedman assumed that bonds would be issued to fund the local match portion of construction costs. Key bonding assumptions included:

- Interest rate: 5%
- Bonding term: 20 years
- Bonds issued in: 2012
- Credit Enhancement: The City, CTA, or other credit-worthy entity will provide another revenue source (such as general obligation of the municipality or a pledge of other revenues) to securitize the projected tax revenues from existing value inflation and new development.

These bonding assumptions were used for both the TIF-like and SSA value capture scenarios. Further assumption details are available under each projection set in the appendices.

Due to the low values and socioeconomic status of the area, the need for a credit enhancement assumption is essential to increasing the potential bondable amount. Under district-based property or use tax revenue bonding scenarios, inflation usually cannot be incorporated into the bonding assumptions. For SSAs without any credit-enhancements, bonding feasibility analyses are typically based on the SSA EAV in the year in which the bonds are issued, and that EAV is held flat throughout the life of the bond. While this provides a higher level of certainty to investors that the bonds will be repaid, this also limits bonding potential. Therefore, municipalities or other entities wishing to incorporate inflation of existing values and/or growth from new development into the final bondable amount must provide some other source of revenue as backing for the bond. This revenue source can be general funds, sales taxes, or some other well-established revenue source that is not already committed to funding another debt obligation.

TIF districts face a similar problem. Because TIF districts depend solely on increased property value, their revenue is rarely immediately bondable on its own merit. TIF-based bonds are generally backed by one of the outside revenue sources noted above. In some cases, a fallback special assessment district is established over the TIF district to provide an alternative revenue source if the TIF is not generating sufficient funds to pay the debt service. However, TIFs are a better tool for cases where a municipality can either front-fund the cost of the improvement and wait for reimbursement through future TIF funds or is willing to commit another source of revenue as backing for a TIF-based bond.

EAV INFLATION ASSUMPTIONS

SB Friedman prepared both "conservative" and "optimistic" inflation assumptions to estimate a range of value generation potential of the quarter and half mile value capture districts. The conservative scenario utilizes a 2% inflation rate, which accounts for standard inflation over time and allows a cushion for potential economic downturns. For example, EAVs in the area declined between 2008 and 2009 due to formulaic Cook County Assessor reductions in residential assessed values.

The optimistic scenario assumes a 3.5% inflation rate. In *SB Friedman's* experience, this inflation rate reflects property value increases due to inflation and a modest level of infill redevelopment in already-developed areas. The Red Line Extension opens up potential for major redevelopment that could significantly increase property values in the area, but it is unlikely that assumed inflation beyond the 3.5% will be reflected in increased bonding capacity. Catalytic redevelopment projects do have the potential to stimulate other adjacent development and significantly increase tax revenues within a district. However a transformation in the competitive position of this area is likely to take significant time and resources, and the potential tax benefits from such a transformation are therefore likely to occur only on the long term. Most municipalities complete significant due diligence analysis of TIF or SSA-based bonds before committing other revenue streams as backing. Dependence on long-term, potentially speculative, redevelopment projects for potential tax increases is likely to be above the risk tolerance threshold of many communities.

SPECIAL SERVICE AREA ANALYSIS

As noted above, the average 2009 tax rate for nearby SSAs was 1.45%. Therefore, *SB Friedman* first tested a scenario in which a 1.5% tax rate was applied to the quarter and half mile study areas. The bondable amounts resulting from this test were insufficient to provide the local match required for either the full New Starts amount or the "station only" scenario. However, the half-mile scenario does produce a bondable amount of $38.5 to $46.4 million. This amount is significant enough that it could be viewed as one of several potential revenue sources to comprise a local match funding package.

In addition to analyzing the value generation potential of the average area SSA tax rate, *SB Friedman* also determined what SSA tax rates would be necessary to fully fund the 40% local match or the 40% of station costs. This analysis also assumed that all underlying TIF districts fully remit funds generated by the SSA tax back to the SSA district. This is not current practice for the City of Chicago, but would be required to realize the full potential of the district. State statute currently allows this practice due to the unique overlay nature of SSAs, and allowing diversion of SSA-created increment back to a value-capture SSA would allow for lower tax rates for areas with large, pre-existing TIF districts. The results of these analyses are depicted in *Figure 3.8* below. Detailed projections for the conservative and optimistic scenarios can be found in Appendix 4.

Figure 3.8: SSA Value Capture Sensitivity Testing

Value Capture District Radius	2009 EAV [1]	20-year Bondable Amount at 1.45% SSA tax rate [2]	Tax Rate Required to fund 40% of New Starts Eligible Costs [3]	Tax Rate Required to fund 40% of Station Costs [3]
Quarter Mile	$ 61,549,747	$9.4 to $11.4 Million	44.8% to 54.0%	11.0% to 13.2%
Half Mile	$ 250,725,258	$38.5 to $46.4 Million	11.0% to 13.3%	2.7% to 3.2%

[1] Less residential exemptions
[2] Amount provided in 2009 Dollars. Assumed Bond Issuance in 2012 and concurrent establishment of the VCD.
[3] These tax rates are significantly higher than normal SSA tax rates and are not recommended as a value capture implementation option.
Sources: Cook County Assessor, Cook County Clerk, and *SB Friedman*

The rates found in this analysis were significantly higher than normal SSA rates, and are considered infeasible for implementation. In the quarter mile and half mile study areas, tax rates required to produce 40% of New Starts eligible and Station-only costs were 45% to 54% and 11% to 13%, respectively. While the tax rates required to fund the local match for the stations were significantly lower, they are still well above the range generally considered acceptable and would place an onerous burden on area taxpayers. This tax burden becomes even higher when the areas within existing SSAs are considered. Even at the lowest tax rates resulting from this analysis, properties within an existing SSA that are subsequently incorporated into a VCD would be paying property tax rates that would initially be double the tax rates of the remainder of the City.

TAX INCREMENT FINANCE ANALYSIS

As with the SSA value capture district analysis above, *SB Friedman* created both an optimistic and conservative set of TIF projections for the quarter and half mile value capture areas. Like the prior Skokie value capture analysis, the potential value capture TIF would overlap existing TIFs. As noted above, two of the three area TIFs appear to have substantial commitments for through 2013. However, given the high-level nature of this analysis, we did not account for diversion of value capture district funds to pre-existing TIF commitments. Rather, we assumed a diversion of the majority of TIF increment to other infrastructure and redevelopment projects in the district.

Due to the low property values in the study area, initial TIF projections indicated limited overall potential for a TIF-like value capture district. In the optimistic scenario, the quarter-mile district produces a maximum of $11 million after bonding, and the half-mile district produces a bondable amount of approximately $44 million. If a diversion of 75% of increment to existing project commitments, new redevelopment projects and other infrastructure needs is assumed, the bonding potential of the district falls to $3 million for the quarter-mile and $11 million for the half-mile district. *Figure 3.9* below depicts the bonding range produced by the conservative and optimistic scenarios.

Figure 3.9: TIF-Like Value Capture District Analysis Results

Value Capture District Radius	2009 EAV [1]	Full 20-Year Bondable Amount [2]	Assumed % of TIF Funds Available for Transit	Resulting 20-year Bondable Amount for Transit [3]
Quarter Mile	$ 61,549,747	$5.1 to $10.9 MM	25%	$1.3 to $2.7 MM
Half Mile	$ 250,725,258	$20.9 to $44.3 MM	25%	$5.2 to $11.1 MM

[1] Less residential exemptions.
[2] Base EAV year is 2012.
[3] Amount provided in 2009 Dollars. Assumed Bond Issuance in 2012 and concurrent establishment of the VCD.
Source: Cook County Assessor and *SB Friedman*

Analysis of the Economic Impacts of Transit Access on Area Redevelopment Projects

A prototypical economic analysis was conducted for Roseland Plaza, a 64,000 square foot retail development being proposed at a 6.15-acre site. It is located at the southeast corner of 115th and State, adjacent to the proposed station. The purpose of the analysis was to test the real estate economics of redevelopment in this area with and without transit, and assess whether a developer could afford to pay for additional value capture taxes or fees for the proposed Red Line Transit Expansion.

The proposed project was selected because it is an actual development proposal within close proximity to the proposed Red Line station at 115th and State, and allows for a realistic simulation of development economics with actual site plan and program data. The proposed development, as planned, will include an 18,000 square foot Aldi grocery store as an anchor, a 14,000 square foot pharmacy, and 31,000 square feet of in-line space.

ANALYSIS APPROACH

The economic analysis as shown in *Figure 3.10* below was structured to compare project development costs with the stabilized project value. Development costs, including land price, hard costs, site preparation costs, soft costs and developer fee were estimated based on *SB Friedman*'s review of other similar retail developments in the City. Project value was estimated based on capitalization of the stabilized net operating income (NOI) that is derived based on supportable market rents and expenses. A review of the literature analyzing the impact of transit facilities on rental rates indicates that transit access results in rental rate increases ranging from 5% to 20%. Therefore for illustration purposes the economic analysis considered baseline rents that reflected current market area rents assuming no transit is developed and additional scenarios where rents were assumed to increase by 5%, 10% and 20% to reflect the range of potential transit impacts.

TIF revenues generated from the project were also estimated and monetized at 7.5% interest and 1.3 debt coverage to review the level of upfront funding capacity generated from the project. The monetized TIF resources could be used to pay for any financing gaps associated with the project and any remaining funds would be available to pay for other TIF-eligible needs including financing the proposed transit extension.

Figure 3.10: Development Economics of a Proposed Retail Project in Red Line Extension Station Area

Development Program and Market Information	Net Rent/SF	Area in SF	Net Revenues
Grocery	$10.00	$18,000	$180,000
Pharmacy	$13.00	$15,000	$195,000
In-Line and Outlot	$18.00	$31,000	$558,000
Average/Total	**$14.58**	**$64,000**	**$933,000**
Site Area (Acres)	6.15		
FAR	0.24		

Expense Assumptions (all expenses are assumed to be passed through to tenant)

Non Tax Operating Expenses/SF	$2.00
Real Estates Taxes/SF (baseline) [3]	$6.44

Project Parameters	Baseline Economics with No Transit	Economics with Transit: Assumed Rent Increase		
		5%	10%	20%
Net Rental Revenue per SF [1]	$14.58	$15.31	$16.04	$17.49
Vacancy Loss (10% of Inline Space Rent)	($1.80)	($1.89)	($1.98)	$(2.16)
Unrecoverable Non-Tax Operating Expenses on Vacant Space [2]	($0.20)	($0.20)	($0.20)	$(0.20)
Unrecoverable Property Taxes on Vacant Space [3]	($0.64)	($0.68)	($0.71)	$(0.77)
NOI per SF	$11.93	$12.54	$13.15	$14.36
Total NOI	$763,784	$802,613	$841,442	$919,101
Project Value (9% Cap Rate)	**$8,486,000**	**$8,918,000**	**$9,349,000**	**$10,212,000**
Land Cost ($0.4M/acre)	$2,460,000	$2,460,000	$2,460,000	$2,460,000
Hard Costs ($95/SF)	$6,080,000	$6,080,000	$6,080,000	$6,080,000
Site Preparation ($0.25M/acre)	$1,538,000	$1,538,000	$1,538,000	$1,538,000
Soft Costs & Financing Fees (17.5% of Project Cost Excl. Land)	$1,720,000	$1,720,000	$1,720,000	$1,720,000
Developer Fee (4% of Project Cost Excl. Land)	$492,000	$492,000	$492,000	$492,000
Project Development Cost	**$12,290,000**	**$12,290,000**	**$12,290,000**	$12,290,000
Project Financial Gap (Project Value - Cost)	**($3,804,000)**	**($3,372,000)**	**($2,941,000)**	**$(2,078,000)**
TIF Capacity Generated from Project (In-Pin Increment) [4]	**$2,520,000**	**$2,646,000**	**$2,772,000**	**$3,023,000**
% of TIF Capacity needed to Support Project	**151%**	**127%**	**106%**	**69%**

[1] Based on rents of comparable grocery, pharmacy and in-line projects in the south side

[2] Includes insurance and common area maintenance

[3] Based on tax comparables compiled by SB Friedman (see Appendix 5) assumed to increase as project value increases

[4] Based on project TIF Projections prepared by SB Friedman (see Appendix 6), assumes a TIF revenues are monetized at 7.5% interest and a debt coverage of 1.3

ANALYSIS FINDINGS

As shown in *Figure 3.10* above, the financing gap for the proposed project is estimated to range from $3.8 million in the baseline scenario with current market rents to $2.1 million in the scenario with the most aggressive rent increase assumption of 20%. All scenarios have a project financing gap because the estimated project value is significantly lower than estimated development costs. This phenomenon is typical of disinvested areas where supportable market rents are not high enough to pay for new construction, and therefore, new development requires public assistance. This is true of many similar commercial projects in the south side of the City. The City has been active in subsidizing such projects to ensure that grocery and retail services are available to its relatively lower-income residents. While

higher-rent levels associated with transit access reduce the project financing gap, even a 20% potential rent increase from transit accessibility is insufficient to eliminate the financing gap. This analysis also demonstrates that any value capture mechanism that involves assessing a new tax or fee (such as an SSA or impact fee) would further increase the project financing gap and need for public financial assistance.

Additionally, the TIF revenues generated for the project are insufficient to cover the financing gap for the project in the baseline scenario and with rent increases of 5% and 10%. This suggests that other revenue sources such as TIF from a broader district outside the project area would be needed for the project to be developed. Only in the most aggressive rent increase scenario of 20% does the TIF generated from the project cover the financing gap, but even in this scenario, only 30% of the increment remains and could be used for other TIF-eligible purposes, including transit.

IMPLICATIONS OF ECONOMIC ANALYSIS

The economic analysis provides the following insights for value capture financing in areas with challenging economic and market conditions.

- In challenging economic areas such as the far south side of Chicago, even relatively high rent increases (such as 20% assumed for this analysis) from the proposed transit access may not be sufficient to overcome the financing gap for redevelopment projects.

- Economic incentives such as TIF generated by the project may be needed primarily for funding redevelopment projects to facilitate area revitalization and may not be available for transit.

- Other tools such as SSA and impact fees that levy new taxes and fees would only add to the financing gap and would most likely be a significant disincentive for new development.

Because most of the local financing tools would likely need to be committed to incentivize new development in the area, the local match component of project financing for the proposed south Red Line Extension is likely to require broader financing strategies beyond value capture mechanisms. These broader financing approaches are further discussed below.

Red Line Extension Value Capture Analysis Conclusions

The analysis indicates that traditional value capture tools may not be appropriate for highly disinvested areas which already face significant challenges associated with private sector redevelopment. Both SSA- and TIF-like value capture districts produce value capture revenues that are not of a sufficient scale to pay for the local match component of a Federal New Starts project. The maximum revenue produced for the two mechanisms under optimistic assumptions is $44 to $46 million, equivalent to 20% of the costs for the new stations and only 5% of the total costs for the full extension. These funds could be considered as part of a set of funds comprising the local match for a New Starts project, but are likely to compete for funds with other neighborhood investments.

As described above, the Roseland area is under significant economic stress and is currently fully utilizing its SSA and TIF options for new infrastructure and redevelopment. For example, the two existing, neighborhood-based TIF districts generate minimal increment and have committed the majority of their available funds through 2013. This not only limits the potential of a value capture district, but points to

an ongoing need for additional funding for non-transit infrastructure investments and major redevelopment initiatives. In this framework of scarce resources, these various needs will compete for the same pool of TIF funds, regardless of their location within a normal TIF or value capture TIF. Moreover, creation of an SSA in this area to fund new transit infrastructure may face significant neighborhood opposition, lead to questions regarding equity and fairness, and compete with the funding needs of service-based SSAs.

In addition, while transit is likely to improve development economics by increasing supportable rents or project value, it is unlikely that the new transit accessibility by itself will dramatically change the competitive position of the neighborhood and attract financially self-supporting redevelopment. Local financing tools such as TIF and SSA will be needed to finance funding shortfalls of redevelopment projects, provide needed infrastructure enhancements, build new community facilities, and provide enhanced security, marketing, business recruitment, and cleaning and beautification services. While TIF is still a viable option, with the limitations on increment availability noted above, any value capture mechanism involving a new tax or fee such as an SSA or impact fee would likely add to the financing gap and would most likely be a disincentive for redevelopment projects in this type of disinvested area. Further, given the property values in the area, the SSA tax rate required to generate significant funds towards the cost of the Red Line Extension would need to be set at a rate that is onerous for area property owners and, in the case of properties already in an area SSA, lead to tax rates that are nearly double those of the remainder of the City.

Therefore, value capture mechanisms based solely on new value created within the proposed station areas are unlikely to provide a substantial source of funding for the Red Line Extension. As found in the prior analysis of the Skokie CTA Station, TIF and SSA are still likely to have potential in areas with strong property values and market demand for transit-supportive development. To generate sufficient financing for transit in disinvested areas, there is a need to tap broader resources at the federal, state and local levels. For the local funding contribution, it may be desirable explore strategies that leverage a broader potential revenue pool, such as:

- Porting money from adjacent healthy TIF districts.
- Creating significantly larger, corridor-based TIF districts along the transit line to leverage higher property values in adjacent station areas.
- Designating a portion of other city-wide or county-wide revenue sources such as sales tax, parking tax, hotel taxes, etc. to fund transit needs on an ongoing basis or to create an initial infrastructure or transit capital fund that projects must repay.
- Allowing for transfer of funds from high-performing TIF districts towards significant infrastructure projects such as transit. This could be structured as a formal “infrastructure bank” or other tool with defined investment criteria. This type of initiative will require amendment of existing statutes or creation of a new statute.

4. Wilmette Parking Garage Analysis

This chapter analyzes the feasibility of constructing a parking garage on the Ford Site block in downtown Wilmette adjacent to the Metra station. The garage would provide parking for commuters, as well as the employees and patrons of neighboring businesses and institutions, such as the library and post office. Both the costs and sources of financing available to pay for the parking structure are explored. Case studies of parking garages in three other communities are also presented, with a focus on the financial structure of each project.

While parking garages and similar small, local infrastructure projects are too small to be evaluated within the set of Priority Projects identified by the GO TO 2040 Plan, providing parking in transit-oriented development situations does fulfill the goals of the plan to increase infill redevelopment potential and access to transit options. Furthermore, many municipalities that have created plans for their downtowns and/or Metra station areas through the Regional Transportation Authority's Community Planning Program are struggling to find ways to finance the public infrastructure elements required to further their plans. In many cases, the construction of a parking garage can free up existing parking lots for redevelopment or simply create the potential for additional development on a single site. Therefore, this portion of the analysis focuses on the potential to utilize value capture mechanisms to generate the required capital funds for a typical parking garage in a suburban downtown situation.

Study Area Location and Description

The Village of Wilmette is located in northern Cook County, approximately 17 miles from downtown Chicago. As of the 2010 Census, it had a population of 27,087. Median household income in 2010 was estimated to be $112,278 by ESRI, a national demographic data provider.

The study area is principally defined by Lake Street to the north, 11th Street to the east, Linden Avenue to the south, and Park Avenue to the west (see *Figure 4.1* on the following page). This area includes much of the downtown core. Green Bay Road travels through the heart of the downtown, and both the Wilmette Metra station and the proposed parking structure are located on either side of it. One- and two-story commercial structures are located primarily along major roads, while residences are located on side streets. Approximately 50% of land within the study area is commercial, while the remaining 50% is residential. Vacant and industrial land uses are minimal. *Figure 4.1* on the following page depicts the study area, key anchors and potential redevelopment sites.

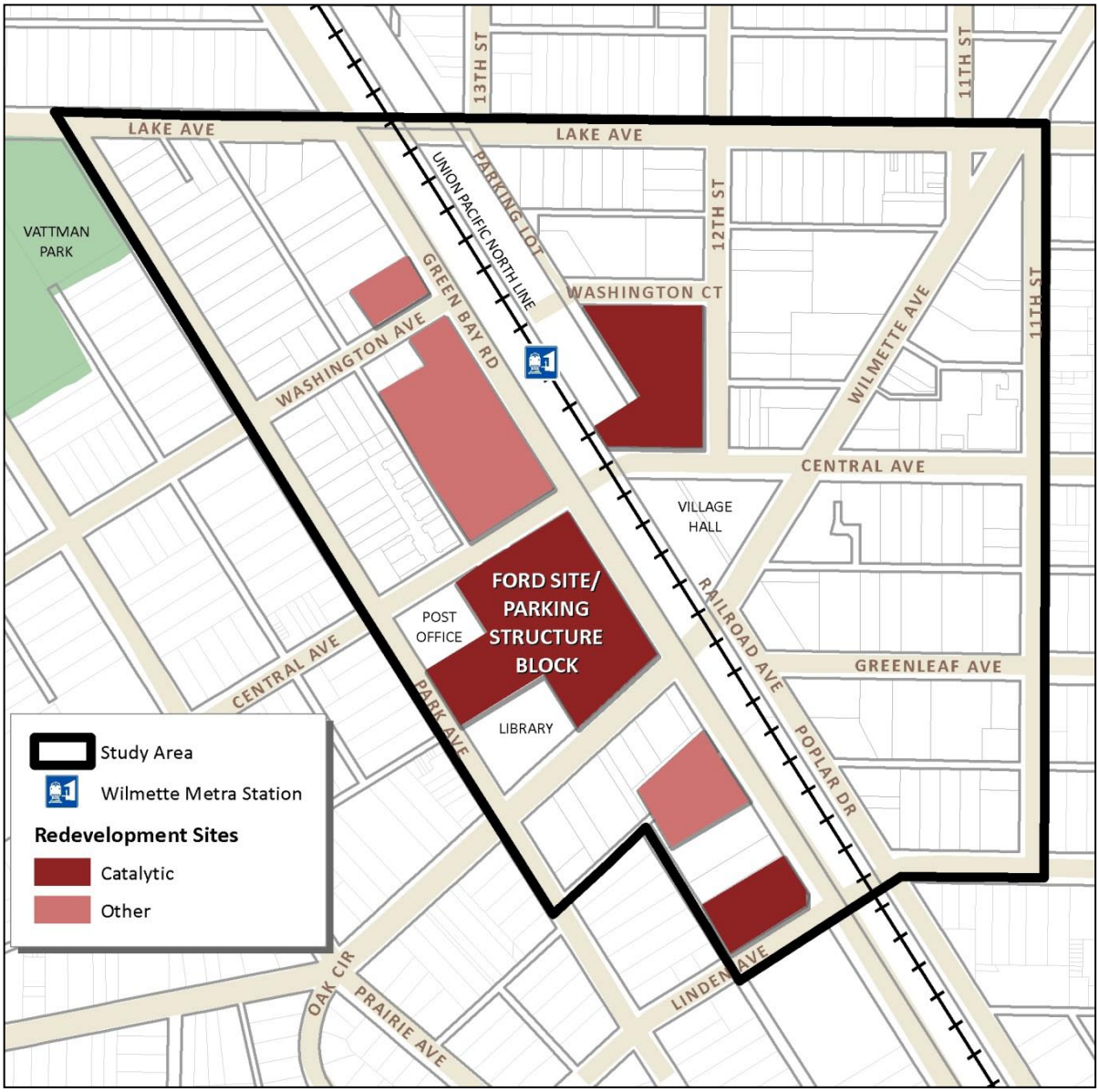
Commuter service to the Wilmette Metra station is provided by the Union Pacific North Line. In 2006, the station recorded 1,379 weekday boardings and 1,360 alightings, according to the Regional Transit Asset Management System (RTAMS). Approximately 400 spaces of commuter parking are available on either side of the tracks near the station.

Project Background and Key Elements

In January 2011, the Village of Wilmette published a master plan for its village center, an area roughly contiguous with the study area. The major goal of the plan was to create a long-term vision to improve the downtown area, principally by building on existing, high Metra ridership to promote more walkable, transit-oriented development close to the station. *Figure 4.1* on the following page indicates the key

redevelopment sites outlined by the plan, including catalytic sites related to the parking deck development, and Appendix 7 provides the full master plan map created by The Lakota Group.

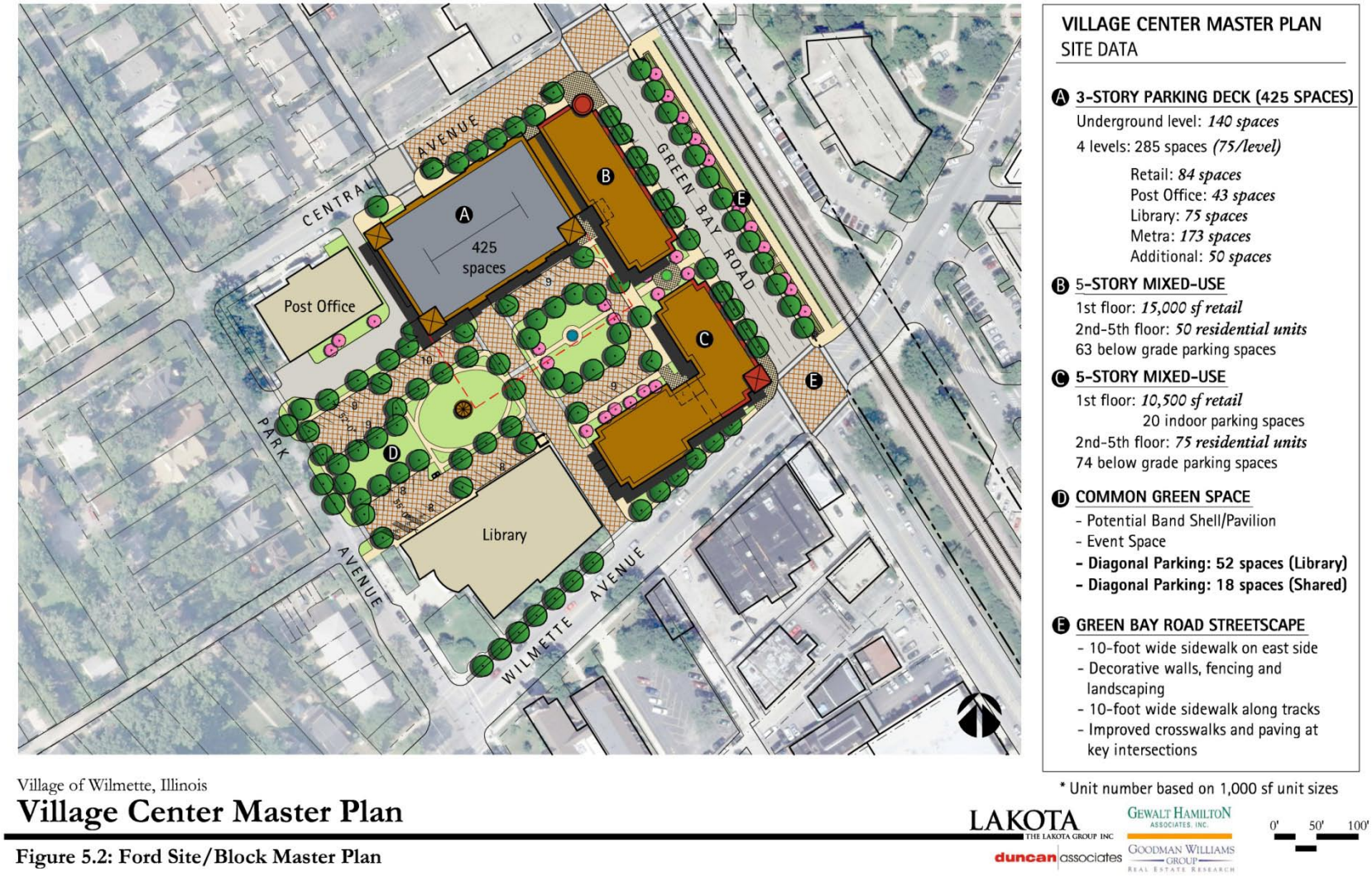
Figure 4.1: Value Capture Study Area, Parking Deck Site, Key Anchors and Redevelopment Sites



Sources: CMAP, Lakota Group and *SB Friedman*

A key component of this plan is the construction of a 425-space parking structure near the station to provide new and replacement parking for commuters, as well as accommodate businesses and other nearby institutions (e.g., the library and post office). According to the Parking Structure Feasibility Study performed by Rich & Associates in 2007, commuter parking in downtown Wilmette is near capacity, suggesting a need for additional supply. In addition, development as envisioned in the Master Plan would result in a net reduction in available surface parking even as it increases the amount of residents, workers and shoppers downtown. Structured parking would consequently help enhance the supply of parking downtown while maintaining the amount of developable land. *Figure 4.2* on the following page depicts the plan for the block, including the parking structure.

Figure 4.2: Parking Structure Block Master Plan



Source: The Lakota Group

Municipal Parking Garage Case Studies

SB Friedman researched the strategies that communities in the region have used to fund similar multi-user, transit-supportive parking garages in suburban downtowns. The three evaluated projects are in Elmhurst, Evanston and Berwyn. Brief descriptions of each project follow, and the summary of the financing sources for the parking structure are outlined in *Figure 4.3* below.

In Elmhurst, a 253-space parking garage was built at 1st Street and Larch Avenue by the City at a cost of $7.5million. The Village financed most of the project with TIF revenue, while Metra was to provide $2.5 million for the project in exchange for a 40-year lease of 125 spaces for commuter parking. The remaining spaces are for patrons of downtown businesses. The garage opened in 2010.

In 2009, the City of Berwyn constructed a parking garage with 378 spaces at 3320 South Grove Avenue in the downtown Depot District. The project cost $11 million ($1 million less than budgeted), and was mainly paid for with general obligation bonds which will be repaid with TIF revenues, as well as an IDOT capital assistance grant and an award from the West Suburban Mass Transit District. The first four floors are occupied by daily/permit parking, while hourly parking is located on the upper deck.

The City of Evanston built a 1,400-space parking garage at 1800 Maple Avenue as part of the City's efforts to revitalize downtown. Project costs of $30 million were paid with a general obligation bond paid by TIF revenue. 250 spaces are reserved for employee parking, while the rest are for patrons of nearby businesses. Parking validation is provided for patrons of the nearby movie theater and Hilton Garden Inn.

Figure 4.3: Summary of Parking Structure Case Studies

Project Name	Depot District Garage	1800 Maple Garage	1st Street and Larch
Address	3320 S Grove Ave	1800 Maple	1st and Larch
City	Berwyn	Evanston	Elmhurst
Number of Spaces	378	1400	253
Total Project Costs	$ 11,000,000	$ 30,000,000	$7,500,000
Sources of Funds			
G.O. Bond paid by TIF	$ 8,565,000	$ 30,000,000	
G.O. Bond paid by parking district revenues			$5,000,000
IDOT Capital Assistance Grant	$ 2,000,000		
West Suburban Mass Transit District	$ 435,000		
Metra			$2,500,000
Parking Fees	Quarterly: $90.00 Daily: $ 3.00 Hourly: $ 0.25	Monthly: $85.00 ($50 on upper deck) Daily: $8.00 Hourly: $1.00	Annual: $400.00 Monthly: $35.00 Daily: $2.00

Source: *SB Friedman*

These case studies from different communities and areas in the region share several common themes and strategies:

Wider Development Activity. In all three communities, the parking garage was part of a wider revitalization of the surrounding downtown area. In Evanston, the Maple Avenue parking garage was just one component of a larger effort to promote mixed-use development downtown. In Berwyn, the parking deck followed a considerable amount of private redevelopment activity in the Depot District, thus enhancing a parking supply that had become tighter with the influx of new establishments. In Elmhurst, parking garages such as the 1st and Larch deck play an important role in supporting development in the downtown, since developers are not required to provide parking for non-residential uses. While a parking garage, in and of itself, does not spur development, it can play an important supporting role to promote denser development, particularly when developable land is scarce.

Financing. In general, parking garages are not paid for by the property tax base of the entire community. Although general obligation bonds are often used to finance construction, the sources for repayment are typically incremental revenue from TIF districts, sales taxes and/or parking fees. Grants from state sources and transportation agencies also play a role, so that garages often have more than one source of funding. When Metra funding is involved, the agency typically does not pay the full cost of structured parking – $9,000 to $10,000 per commuter space is typical, versus parking structure costs of $14,000 or higher per space. Therefore, other sources are needed to fill the financing gap for commuter parking. Even in Elmhurst, where Metra paid $20,000 per space, the actual cost per space was nearly $24,000, so communities should anticipate covering at least some of the cost of commuter parking.

Multiple Users. A downtown environment needs to provide parking for customers, employees and commuters. More than one group is often accommodated within the same parking garage, which can complicate parking management and operations. Payment, validation and enforcement are important issues that should be considered early on in the process. With regard to layout, it is desirable to place longer-term parking, such as spaces for commuters and employees, on the upper floors of the deck, while reserving the lower levels for short-term parking users such as retail customers. However, research completed for this analysis indicates that Metra generally prefers commuter parking on the lower levels, which is a particular concern if Metra funding is provided for a portion of the structure.

Parking Garage Financing Analysis

In order to determine the feasibility of building a parking garage in downtown Wilmette, a pro forma was created using information on costs and revenues from the Village and other sources. This pro forma was then utilized to test the feasibility of several funding sources and scenarios. Evaluated funding sources included contributions from institutional users, Congestion Mitigation and Air Quality grants, retailer or developer pay-ins, and TIF and SSA districts.

CONSTRUCTION AND LAND ACQUISITION COSTS

Construction costs were estimated between $9 million and $9.8 million, while property acquisition was estimated at $2 million, for a total project cost of $11-$11.8 million. Per-space construction costs were

taken from the Parking Structure Feasibility Study conducted by Rich and Associates in 2007, and applied to the 425-space parking deck outlined in the Village Center Master Plan. Both panel and spandrel façade alternatives were accounted for in the cost estimations, hence the range provided above. Property acquisition costs were determined by assuming that construction of the garage would require purchase of 1225 Central Avenue and partial acquisition of 619-637 Green Bay Road. Acquisition cost was based on recent listings and sales in downtown, including the Village's purchase of the former North Shore Ford property. Total construction and land acquisition costs for the two facade alternatives are as follows:

Figure 4.4: Parking Structure Development Costs

Item	Façade A - Panel		Façade B - Spandrel	
	Cost	Cost/Unit	Cost	Cost/Unit
Land Acquisition	$ 2,060,000	$ 4,847	$ 2,060,000	$ 4,847
Hard Costs[1]	$ 8,160,000	$ 19,200	$ 7,437,500	$ 17,500
A&E	$ 489,813	$ 1,153	$ 446,250	$ 1,050
Survey/ Geotech	$ 37,188	$ 88	$ 37,188	$ 88
Security System	$ 105,188	$ 248	$ 105,188	$ 248
Detention Vault	$ 132,813	$ 313	$ 132,813	$ 313
Landscaping	$ 53,125	$ 125	$ 53,125	$ 125
Contingency	$ 816,000	$ 1,920	$ 743,750	$ 1,750
Total	**$ 11,854,125**	**$ 27,892**	**$ 11,015,813**	**$ 25,920**

[1] Constructions costs exclude developer fee that is typically 3% to 4% of project costs because these estimates were generated based on the assumption that the Village would take on the responsibility of development management.
Source: *SB Friedman*

For the purposes of the funding analysis we assumed the higher cost panel facade option estimated at $11.9 million.

PARKING SPACE ALLOCATION

The parking spaces were divided up between different users based on the configuration outlined in the Village Master Plan, as follows:

Figure 4.5: Wilmette Parking Garage Space Allocation

User	Number of Spaces
Retail	84
Post Office	43
Library	75
Metra	173
Additional	50
Total	***425***

Source: The Lakota Group

The parking space inventory from the parking study was then used, along with the concept drawings in the Village Master Plan (see *Figure 4.2* on page 39 above), to determine the number of net surface parking spaces lost due to redevelopment of the block. In addition to surface parking lost, an estimated

loss of 43 commuter parking spaces in the Chase Bank/Union Pacific Site Master Plan was also accounted for. It was assumed that any net loss in commuter surface spaces would have to be replaced within the parking deck at no cost to Metra.

Figure 4.6: Summary of Development Impact on Parking Supply

User	Current Surface Parking on Deck Block	Spaces Lost to Deck	New Surface Spaces within Block	New Deck Spaces	Net New Parking Including Surface Parking	Net New Parking in Deck Only
Retail	0	0	15	84	99	84
Post Office	32	-24	29	43	48	19
Library	51	-51	25	75	49	24
Metra	0	-43*	0	173	130	130
Additional	82	-82	0	50	-32	-32
Total	**165**	**-200**	**69**	**425**	**294**	**225**

*From Chase Bank/Union Pacific Site

Source: The Lakota Group, Rich & Associates and *SB Friedman*

OPERATING REVENUES AND EXPENSES

For simplicity, it was assumed that the daily parking rate during the first three years of operation would equal the current commuter parking rate of $2 per day. Per Metra policy, the daily commuter rate (and therefore, all other daily parking) was based on the current daily fee for parking at the Wilmette Metra Station. Spaces that will likely function as hourly spaces were treated as daily parking for the purpose of projecting revenue, and no vacancy was assumed. 60 spaces were set aside for monthly permit parking, with an initial fee of $40/month, based in part on the Parking Structure Feasibility Study. Operating expenses were calibrated to those outlined in the Parking Structure Feasibility Study, and then inflated at 4% annually.

Two sets of operating projections were prepared: one set in which retail customers paid for parking, and one in which retail customers did not pay for parking. In both scenarios, all other parkers (library, Metra, etc.) paid a daily or monthly fee. While the first option produced a net operating income of more than $100,000 in year 1, the second essentially broke even in year 1, and even at the end of 20 years, it was producing a net operating income of less than $60,000. This indicates that allowing significant portions of the garage to operate without charging a fee is likely to require an outside operating subsidy. It should be noted that "pay" parking scenarios can also be accomplished by allowing merchants to validate customer parking stubs. This is one option if providing free parking for customers is a paramount concern but additional funds are required to pay for deck operations.

Additionally, per Metra policy, all revenue from Metra parking spaces is required to be funneled to operation and maintenance of the deck rather than debt service or outside costs. This appears to be feasible across all scenarios.

UP-FRONT FINANCING OPTIONS

To estimate potential funding sources, three different scenarios were produced for the higher-cost panel options:

- **Scenario 1:** No developer contribution for retail parking spaces, but no parking within the parking deck would be free. Funding from a Special Service Area (SSA) is used to plug any financing gap after all other sources are considered.
- **Scenario 2:** Developers provide an up-front contribution for retail spaces in exchange for free customer parking. Funding from a Special Service Area (SSA) is used to plug any financing gap after all other sources are considered.
- **Scenario 3:** No developer contribution for retail parking spaces, but no parking within the parking deck would be free. A TIF district is created and the incremental revenue is used to plug any financing gap after all other sources are considered.

The parking deck has several potential sources for generating up-front capital, including contributions from public users, grants from regional entities, and private sector fees. Up-front contributions from Metra, the library district, and (in the second scenario) developers were set at $9,000 per space. This figure is consistent with Metra's typical contribution for commuter parking facilities (surface or deck), as well as within range of the "in-lieu of parking" fees charged by communities in the Chicago metro area.[8] Consistent with the preceding table, it was assumed that Metra would provide a contribution of $1.2 million for 130 net spaces, the library would pay $216,000 for 24 net spaces, and developers in scenario two would pay $756,000 for 84 retail spaces. The Post Office was judged unlikely to pay for its 19 net new spaces, based on knowledge of Post Office policy in real estate swaps.

Federal assistance was also factored in via the Congestion Mitigation and Air Quality (CMAQ) program. CMAQ provides funding for projects that reduce air pollution, including commuter parking facilities that result in additional commuters. CMAP, the allocating agency responsible for selecting CMAQ proposals in the Chicago region, evaluates projects based on several criteria. First, it will not provide funding for new commuter parking if existing facilities are at less than 85% occupancy. According to the Parking Structure Feasibility Study's parking survey, existing surface commuter parking in downtown Wilmette is at or near 100% occupancy, so it should pass this test. Second, it evaluates all proposals based on the cost per kilogram of Volatile Organic Compounds (VOC) removed. A survey of previous successful CMAQ applications for commuter parking facilities suggests a benchmark of $420/KG or less. Based on this threshold and a number of assumptions about commuter behavior,[9] a maximum CMAQ grant of approximately $1 million was calculated for the parking garage.

All of these up-front sources of funding together would provide a total of $2.4 million in Scenarios 1 and 3, and $3.1 million in Scenario 2, leaving a funding gap of $9.5 million and $8.7 million, respectively (see *Figure 4.8* on page 45).

Although mentioned in the Berwyn Depot District garage case study, the Illinois Capital Assistance Grant program was not considered for the downtown Wilmette garage due to uncertainty over the likely amount of funding. However, if it decides to proceed with the garage, the Village should consider all available funding sources, including the Capital Assistance Grant.

[8] In-lieu of parking fees and parking impact fees can vary widely from one community to another: Donald Shoup, who undertook a survey of communities over a decade ago, found a range from less than $6,000 to more than $27,000 in the United States (1999. "In Lieu of Required Parking." *Journal of Planning Education and Research* 18: 307-320). In the Chicago region, Riverside charges $5,000, Lake Forest charges $9,000, and Libertyville and Highland Park both charge $15,000 per space.

[9] These assumptions include: 0.1355 grams of VOCs eliminated per passenger mile for commuters; average trip length of 33 miles (round trip); 130 net new commuters; 255 commuting days per year; a benefit period of 20 years; and no discounting of future benefits. Source: Chicago Metropolitan Agency for Planning.

It is worth noting that the West Suburban Mass Transit District that provided a grant for Berwyn has no contemporary equivalent to which Wilmette can apply, since the North Suburban Mass Transit District ("Nortran") was dissolved two decades ago. While the North and Northwestern districts no longer exist, South and West Suburban Mass Transit Districts may still provide a viable funding option.

BOND FINANCING

Since up-front funds proved insufficient to completely fund the parking structure in all three scenarios, bonds were considered a necessity to finance development costs. A gross-up factor of 1.35 was applied to the funding gap to account for debt coverage and origination charges. Cost of funds was assumed to be 5% (a rate that would likely require general obligation or other additional backing), and the payment horizon was set at 20 years, typical for many public bond issuances. A construction period of two years was assumed, during which time interest was capitalized. Payments ranged from $800,000 to $900,000 across the three scenarios.

In the various scenarios, a combination of parking revenues and TIF or SSA funds are utilized to repay the bonds. It is likely that none of these sources will be considered sufficiently stable to meet debt service payment on their own merit. Therefore, Wilmette will likely be required to issue a general obligation (GO) bond or pledge another source of revenue (e.g., sales tax) to provide credit enhancement for the bond. For example, all of the case study communities chose to utilize TIF funds to pay for their parking garages but issued GO bonds to provide up-front capital costs. The communities therefore take on the risk associated with utilizing TIF to pay the debt service, and will have to tap other revenue sources if the TIFs do not perform as anticipated.

DEBT SERVICE PAYMENT

Given that operating revenues were not sufficient to cover debt service, other sources of revenue would be needed to make bond payments. Accordingly, the revenue potential of both Special Service Area (SSA) and Tax Increment Financing (TIF) districts were considered in the analysis. Revenue projections were created within a fixed boundary, defined by the Village Center Master Plan study area. The study area was used because it encompasses the downtown area that would be most impacted by the parking structure. *Figure 4.1* on page 39 above outlines the boundary utilized for the TIF and SSA analyses.

Conservative and optimistic EAV inflation scenarios were created for both TIF and SSA projections. Since potential redevelopment was also incorporated into EAV projections, the conservative inflation scenario was chosen for the final analysis. The assumptions used in the model follow:

- Annual Inflation: 2%
- Cost of Funds: 5%
- 2009 Assessed Value: $26,185,707
    - 41.6% Residential
    - 49.9% Commercial
    - 0.4% Industrial
    - 0.6% Vacant Land
- Year SSA Established: 2011
- Year TIF Established: 2012
- TIF Base Year: 2011

Under the Village Center Master Plan, a significant amount of new residential and commercial development is anticipated to be added to the downtown area. This development was accounted for in the models, with some phasing assumptions made for development within the parking structure block and other "catalytic" sites that were anticipated to be triggered by the parking structure, specifically the southern end of the Green Bay Road South Block and the Chase Bank/Union Pacific Site. These sites are identified in *Figure 4.1* on page 39 above. Development parameters were taken directly from the plan. Market data from Hanley-Wood and the CoStar Group were used to determine the likely value of development activity. It was assumed that development activity would begin in the parking structure block in 2014 and conclude in 2017, while development at the other catalytic sites would begin in 2016 and conclude in 2019.

The SSA model was run for Scenarios 1 and 2. The SSA tax rate was calibrated to solely compensate for the revenue gap and ranged from 0.746% to 0.753% (see *Figure 4.7*). For comparison, the current (2009) property tax rate in downtown Wilmette is 5.002%. Wilmette currently has no active SSAs, but the average SSA tax rate for communities in New Trier, Niles, Northfield, and Evanston townships was 0.28% in 2009. The maximum SSA tax rates in this area in 2008 and 2009 were 0.825% and 0.697%. See Appendix 8 for more detail on area SSA tax rates. The TIF model produced more than sufficient incremental revenues (over $23 million in present value terms) to cover the gap regardless of the façade. Approximately 46% of the TIF revenues would be needed to cover the financing gap in this scenario. Full TIF and SSA projections are provided in Appendix 9, and *Figure 4.7* below provides a summary of results by scenario.

Figure 4.7: Summary of SSA and TIF Projection Results

Scenario	Gap after Up Front Contributions	Gross-Up Factor for Origination And Debt Coverage	Present Value of SSA/TIF Revenues [1]	SSA Tax Rate Needed
Pay Parking + SSA	($9,472,018)	1.35	$10,694,000	0.753%
Free Retail Parking + Dev Fee	($8,716,018)	1.35	$10,589,000	0.746%
Pay Parking + TIF	($9,472,018)	1.35	$23,194,000	N/A

[1] For the SSA scenarios, this is equivalent to the capital funding gap after all outside revenue sources are considered.
For TIF 46% of the total TIF revenue generation is needed to pay for the $9.5 million financing gap.
Source: *SB Friedman*

FUNDING SOURCES FOR PARKING GARAGE

Figure 4.8 on the following page shows the sources of funds for the three hypothetical financing scenarios for the parking garage. The up-front contributions from Metra, the Library District and the CMAQ grant are constant in all three scenarios. These sources, in aggregate, generate $2.4 million or approximately 20% of the total cost of the garage. The majority (over 65%) of the parking structure revenues are generated through GO bond proceeds paid by SSA revenues in Scenarios 1 and 3, and TIF revenues in Scenario 2. In Scenario 2, private developers of nearby projects provide an up-front contribution of $756,000 in exchange for free retail customer parking. This results in a smaller funding gap, but also reduces net operating income from parking fees. The amount of SSA revenues needed to service debt is also slightly smaller in Scenario 2. In weighing these different scenarios, the Village will need to decide if it is willing to forego some parking revenue in exchange for more cash up-front and somewhat less debt. Overall, the Wilmette parking structure analysis and the case studies demonstrate

that the majority of funds for a public parking structure would likely need to be generated from local sources.

Figure 4.8 Alternate Funding Scenarios for Wilmette Parking Structure

Sources of Funds	Scenario 1: Pay Parking + SSA	Scenario 2: Free Retail Parking + Dev Fee	Scenario 3: Pay Parking + TIF
Up-Front Developer Contribution	$0	$756,000	$0
Metra Pay-In	$1,170,000	$1,170,000	$1,170,000
Library District Pay-In	$216,000	$216,000	$216,000
CMAQ Grant	$996,000	$996,000	$996,000
GO Bond Proceeds Paid by:			
NOI from Parking Fees	$1,551,000	$872,000	$1,551,000
SSA Revenues	$7,921,000	$7,844,000	$0
TIF Revenues	$0	$0	$7,921,000
Total Sources	**$11,854,000**	**$11,854,000**	**$11,854,000**

Wilmette Parking Garage Analysis Conclusions

While the analysis above has focused on the technical aspects of value generation, it should be acknowledged that there is a political dimension to the choice of financing, be it SSA, TIF or some other mechanism. Most communities prefer development that "pays for itself," and do not want to assume the burden of paying off debt for something they do not perceive as directly benefitting them. This is borne out by the observation in the parking garage case study section that none of the garages profiled are reliant on the property tax base of the entire community. Some downtown businesses may be opposed to an SSA, even though they would theoretically benefit from it; likewise, some developers may oppose an up-front fee in-lieu of parking, even though their projects would otherwise have to pay to provide more on-site parking. Finally, TIF districts are frequently the subject of public skepticism due to perceptions that they result in hidden tax increases, and there is also the requirement to prove the existence of blight or conservation status in order to designate a Redevelopment Project Area. Therefore, in addition to the financial trade-offs between different funding sources, there are also political and policy trade-offs that must be considered.

Wilmette staff has indicated that either a TIF or SSA mechanism would have to be carefully presented to the public and other taxing bodies. A chief concern regarding TIF is diversion of tax revenues from school districts, but staff indicated that school districts are more likely to be amenable to TIF if a sharing mechanism is presented up front and Village use of TIF funds is restricted to the parking garage. In this case, the TIF is projected to generate approximately twice the amount of funds required to fill the capital cost gap for the garage, and the additional funds would likely need to be shared with underlying districts. In the same vein, businesses would likely voice concerns about the extra tax imposed via an SSA. The Village would need to assure property owners that the tax rate increase is minimal and likely provide a low SSA maximum tax rate (rate cap) to assure property owners that SSA taxes will not increase at an unsustainable rate.

This analysis also assumed that a major institutional user, Wilmette Public Library, would pay for approximately half of the cost of their additional spaces. This may not be feasible in all communities, and may require significant negotiation to achieve. However, since many downtown parking facilities have multiple users, it may be desirable to evaluate the potential for contributions from major public and private users of a proposed parking garage to reduce bonding needs.

Metra is another potential source of funds for parking garages in transit-oriented situations. As an initial bar, Metra requires that any new commuter parking be located within a quarter mile of the station and have line-of-site to the station. In most TOD planning situations, this is an achievable set of requirements. Since Metra has limited funds for new parking, each application for funds is evaluated individually after it meets initial requirements. Currently, surface and deck parking are generally funded at the same rate of $9,000 to $10,000 per space. Metra's new leadership is currently re-examining parking funding policy to determine appropriate levels of Metra contribution for parking structures that provide for commuter parking. In order to prevent diversion of ridership to nearby stations due to parking costs, Metra also requires that parking deck fees be set at the same rate as nearby surface parking. As a result, inclusion of Metra spaces and funding in a municipal garage funding package can present both opportunities and challenges.

As previously mentioned, additional non-municipal or user sources of funding for parking structures do exist, namely the CMAQ program, the Illinois Capital Assistance Grant and (in the western and southern suburbs) mass transit district funds. Each of the funds outlined above has its own requirements, and have limited pools of funds available. As a result, these sources generally cannot cover the full cost of structured parking. Accordingly, the use of a TIF or SSA district is almost inevitable for communities seeking to build a parking structure.

In conclusion, a parking structure at the Ford Site in downtown Wilmette could be financed through a combination of several different sources of funds, with debt repayment provided by a combination of parking fees and either SSA or TIF revenues. While the majority of funding is likely to come from SSA or TIF revenues, up-front contributions from different users and outside grants can also make a significant contribution, and (in the case of SSA funding) help to keep the SSA tax rate at a realistic level. The needs of users and policy considerations should be carefully weighed when deciding on sources of funding, particularly where the choice between one source and another impacts users differently. If properly financed, a parking garage has the potential to alleviate parking supply constraints and help catalyze redevelopment activity in the downtown without imposing unbearable costs on the community.

5. Central Lake Thruway/Route 120 Analysis

The Central Lake County Corridor (CLCC) project is a two-part new roadway project with significant potential to reduce congestion throughout Lake County. The first component of the project is the extension of Route 53 from its current terminus near the southern border of Lake County north to Route 120. This is a highly controversial project due to concerns regarding environmental mitigation and community character, and the most recent analysis of the project occurred in 2001 as part of the Lake County Transportation Improvement Project. The second element of the CLCC is the Central Lake Thruway, which calls for improvement of portions of the existing Route 120 and creation of an approximately 8-mile bypass near the existing roadway. This portion of the study has undergone significant analysis and public discussion. A Unified Vision[10] and a high-level feasibility analysis[11] ("the Feasibility Analysis") were published by the Route 120 Corridor Planning Council in October 2009.

At this time, the Route 120 project still needs to undergo significant analysis, including selection of a locally-preferred alternative for the bypass route and detailed analysis of potential environmental impacts. The Unified Vision does provide a rough alignment, chosen after significant public input, for further analysis. Within the study area, Route 120 currently has both two-lane and four-lane sections and travels through a mix of industrial and residential areas. Congestion is significant and, according to the feasibility analysis, has inhibited development.[12] The Unified Vision proposes a four-lane boulevard that traverses undeveloped areas south of the current road, creating a strong east-west connection through northern Lake County and allowing the original Route 120 to return to a more rural character that primarily serves as access to local residential and commercial development.

High-level funding options have been evaluated for the project, including federal, state, county and municipal contributions as well as user fees. The purpose of this analysis is to quantify an order-of-magnitude level of local funding that could be generated using value capture mechanisms.

Key Project Elements and Capital Costs

As noted above, the Central Lake Thruway involves improvements to existing sections of Route 120 in Lake County as well as construction of a new, eight-mile bypass ('the Bypass"). Total construction costs are estimated at approximately $461 million, nearly 90% of which is attributable to the proposed Bypass.[13]

At this time, all federal, state and local contributions to the project have been estimated based on prior contribution levels of each of these entities. Initial analyses indicated that this "traditional" set of contributions would not be sufficient to fund the improvements, falling short by approximately $206 million. As a result, an analysis of potential user fee (tolling) revenues was undertaken. The potential bond revenues from the user fees ranged from $221 million to $291 million. While this package of funds has the potential to fully fund the Bypass and related improvements, the final alignment is not set, and environmental mitigation and other related project needs which could increase costs are not yet fully

[10] Route 120 Corridor Planning Council. (2009). *Central Lake Thruway: Unified Vision.* Lake County, IL. Retrieved from: http://www.120now.com/pdf/Unified_Vision_All.pdf
[11] TranSystems. (2009). *Illinois Route 120 Corridor: U.S. Route 12 to U.S. Route 41 Feasibility Analysis.* Lake County, IL. Retrieved from: http://www.120now.com/pdf/ExecutiveSummaryPacket.pdf
[12] Ibid
[13] Ibid

defined. Furthermore, the anticipated funds from federal and state sources are rough estimates and may not be available at the anticipated amounts when the project nears construction. Therefore, this analysis explores value capture revenues as a way to facilitate financing of the proposed highway in case other funding sources fall short of the levels anticipated.

Value Capture District Definition and Existing Conditions

Value capture districts (VCDs) for roadways differ significantly in size from those defined for transit projects. Tiers may be incorporated into the boundaries to account for decreasing benefits as distance from the improvement increases. Value capture districts are delineated based on the areas that receive the most potential benefit, and, in the case of roadways, research indicates that the area of benefit may extend as far as two miles from a new highway.[14]

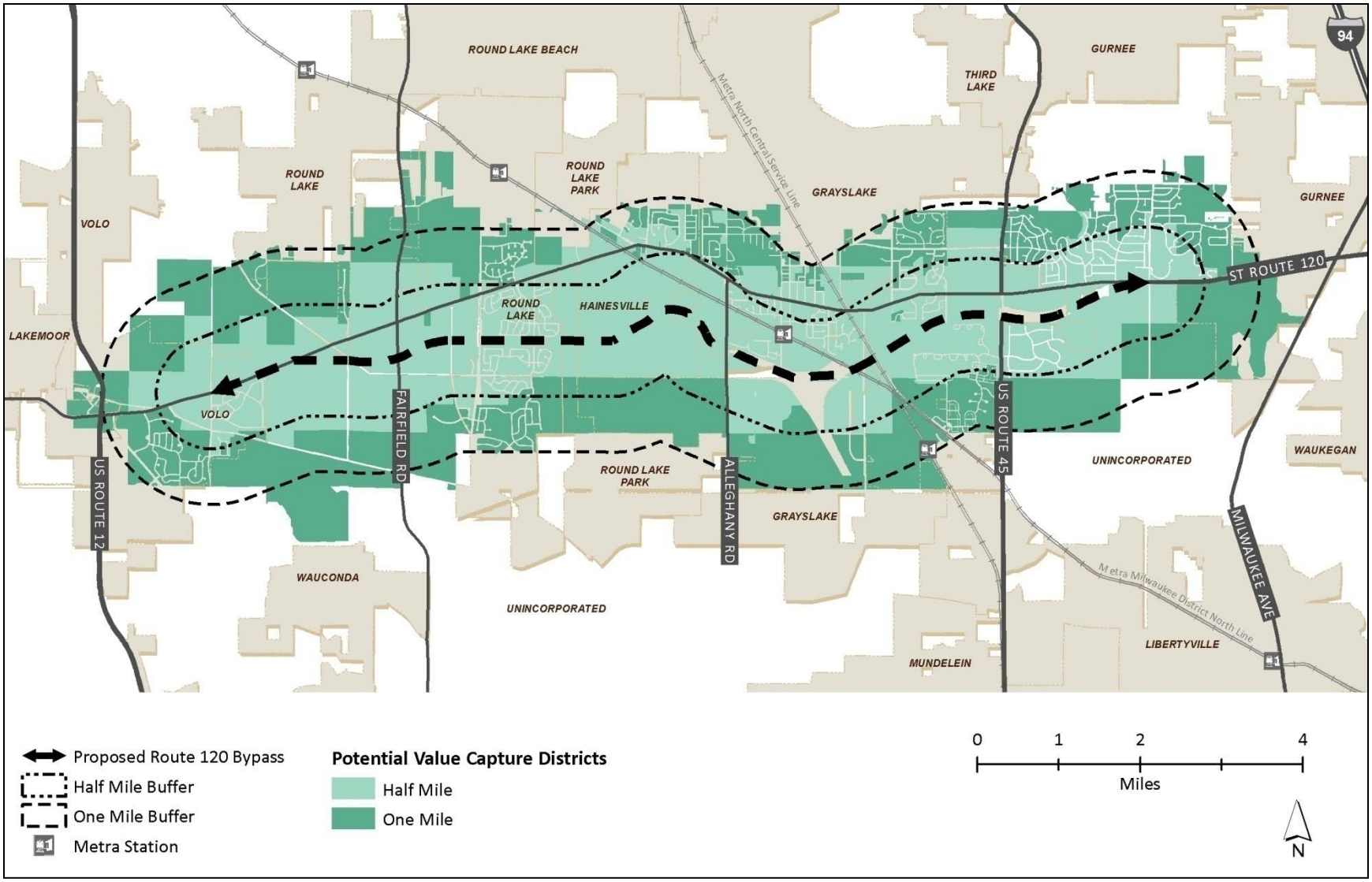
As proposed, the Bypass will be built in a boulevard style with four lanes and may have roundabouts or stoplights rather than traditional highway interchanges. These decisions are in character with the rural nature of central Lake County, but they also limit the possible traffic volumes and thus, development potential. According to the Feasibility Analysis, traffic volumes in this option will by approximately 30% less than the six-lane expressway option which was also being considered as one of the alternatives.[15]

As a result of the lesser-anticipated traffic levels, a smaller, one-mile impact area was defined for the Bypass. In order to allow the potential for a tiered value capture area, a half-mile district was delineated within the one-mile district. *Figure 5.1* on the following page depicts the Bypass and the half- and one-mile VCDs. Additionally, we defined the "improvement" as the Bypass only. This means that existing portions of Route 120 that are within the Unified Vision, and may have capacity added or other improvements, were not included in this analysis. This was done because the Bypass provides new access and the clearest potential for increased development potential. Much of the existing Route 120 is bordered by residential subdivisions which may have the potential to increase in value due to the new access but are unlikely to redevelop. Furthermore, research indicates that residential property may not benefit from roadway improvements and that residential property closest to the improvement may actually decrease in value.[16]

Finally, in keeping with the equivocal research on the impacts of roadway improvements on residential property values, only non-residential properties were included in the analysis set. Since residential property is currently the major land use in the study area, this severely impacts the near-term value generation potential of a VCD. However, there is significant new development expected along the corridor due to the new access, both for the area as a whole and for previously "landlocked" parcels which had no roadway access. Unlike redevelopment in previously-developed areas, new development in minimally developed areas such as central Lake County has the potential to increase property value district-wide by several orders of magnitude.

[14] Center for Transportation Studies. June 2009. *Value Capture for Transportation Finance: Technical Research Report.* University of Minnesota.
[15] TranSystems.
[16] Vadali & Sohn. (2001). Using a Geographic Information System to Track Changes in Spatially Segregated Location Premiums: Alternative Method for Assessing Residential Land Use Impact of Transportation Projects. *Transportation Research Record: Journal of the Transportation Research Board,* 1768, 180-192.

Figure 5.1: Route 120 Bypass VCD Areas



CURRENT CONDITIONS: LAND USE AND EAV

By both parcel count and percentage of EAV, residential is the predominant land use within both the half- and one-mile VCD areas. However, as a percentage of land area, residential uses comprise a far lower percentage – 17% in the half-mile and 18% in the quarter-mile area. *Figure 5.2* below outlines study area land use by EAV and percentage of total land area. Land use percentages were not available for exempt properties and a small number of new PINs.

Figure 5.2: Route 120 Bypass VCD Area EAV and Land Area % by Land Use

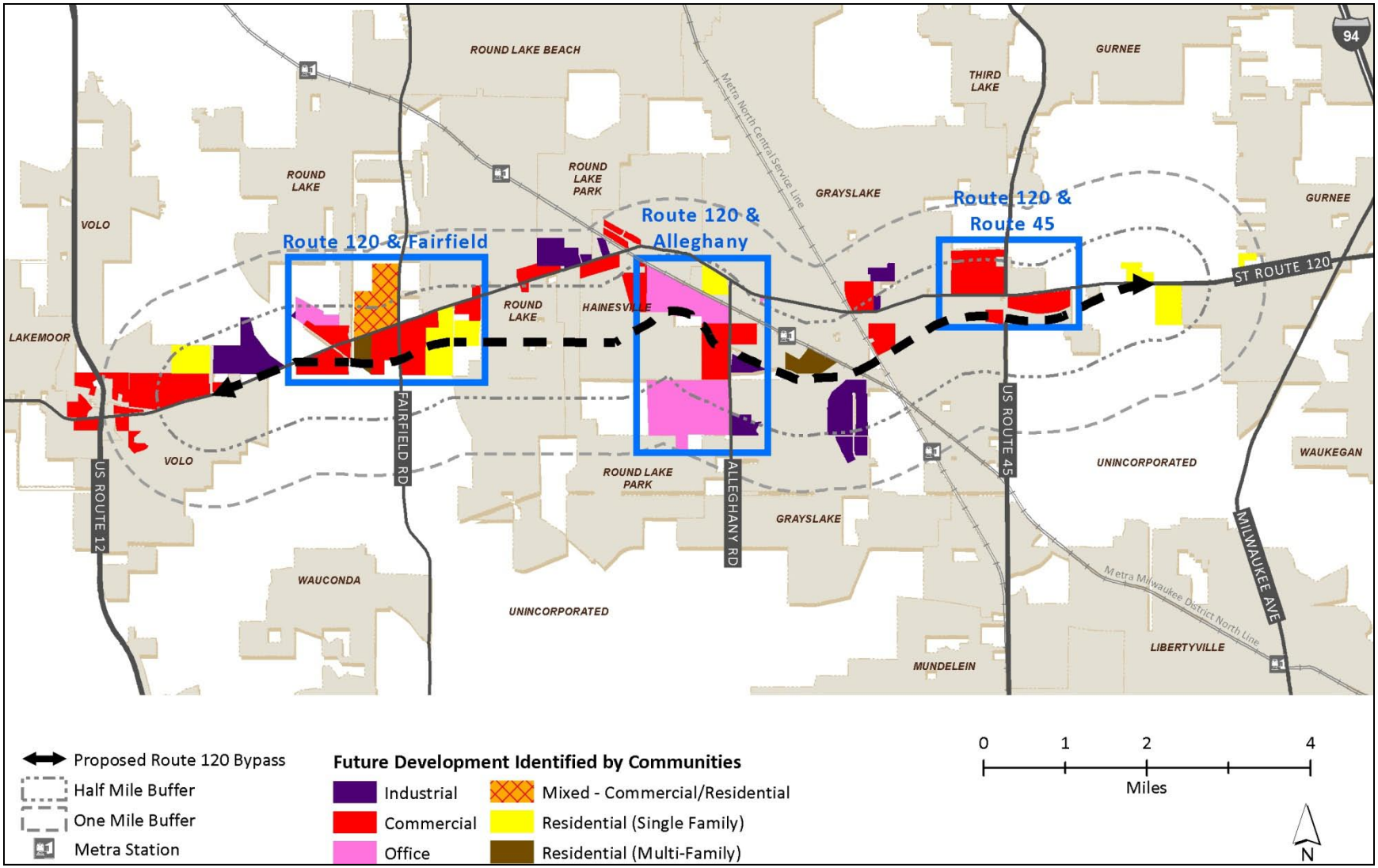
	2009 EAV		% of EAV		% of land area [1]	
	Half Mile	**One Mile**	**Half Mile**	**One Mile**	**Half Mile**	**One Mile**
Residential	$277,574,608	$597,890,947	74.02%	77.44%	16.7%	17.6%
Commercial	$56,145,288	$79,044,138	14.97%	10.24%	13.3%	12.6%
Farm	$ 2,797,936	$22,121,442	0.75%	2.87%	29.5%	31.5%
Industrial	$14,158,851	$33,528,761	3.78%	4.34%	2.1%	2.3%
Vacant [2]	$24,304,982	$39,469,332	6.48%	5.11%	33.6%	32.5%
TOTAL	**$374,981,665**	**$772,054,620**				

[1] Total land area does not equal 100% due to exempt land uses and 2011 parcel divisions with no 2010 assessment data.
[2] Includes all land classified as vacant by the Lake County Assessor. Some portions of this include areas designated as "vacant residential" land which could be common areas in existing subdivisions.
Sources: Lake County Assessor and *SB Friedman*

During the Central Lake Thruway Feasibility Analysis process, TranSystems collected and mapped information from communities regarding their future land use plans for the corridor. A high-level, GIS-based analysis of the areas targeted for future development in the Feasibility Analysis indicates that communities have designated nearly 2,300 acres of the total 12,600 study area acres of land as developable area, equivalent to approximately 18% of the study area. Based on the development capacity analysis outlined in the following section, *SB Friedman* estimates that approximately 50% of the land designated for future commercial or industrial development has potential to be built out by 2030. *Figure 5.3* on page 52 outlines the areas and uses which communities identified for future development.

The GIS analysis also of community's land use plans indicates that new development will be funneled to areas which are currently vacant land and farmland, which comprise nearly two-thirds of the study area. Specifically, approximately 38% of the existing farm land uses and 13% of the vacant land uses have been identified by communities as areas where development may occur; together, these two land uses comprise approximately 90% of the land that is designated for future development. Due to the low EAVs generally given to farmland and vacant land, this indicates significant potential for land value increase in the VCD if the Bypass is constructed and the anticipated development occurs.

Figure 5.3: Route 120 Future Development Areas from the Central Lake Thruway Feasibility Analysis



Analysis of Future Development Potential

In order to develop an order-of-magnitude value capture revenue generation potential for Route 120, it is critical to estimate the future development that is likely to occur within the study area. A detailed market study and review of community development goals to identify a parcel-based development program for the corridor was not within the scope of this study. *SB Friedman* and URS crafted a supportable program for office, retail and industrial uses for the entire study area over the next 30 years, based on a preliminary high-level market assessment, which included the following steps. (Residential uses were excluded from this analysis as the growth in residential uses is not being factored into the value capture analysis.)

- A review of CMAP projections on population, household and employment growth
- A review of past development trends for office and industrial uses within Lake County and the corridor study area
- Projections of future office and industrial development in Lake County as a whole and estimation of the amount of development that can be reasonably captured within the study area
- Assessment of any existing deficiencies in retail supply within the corridor, the net new buying power for retail uses from household growth and the amount of retail that could be supportable based on these factors

Figure 5.4 below shows the estimated market supportable program for the corridor. A summary of the methodology for estimating the supportable program for office, industrial and retail uses is discussed below for each use.

Figure 5.4: Estimated Future Development Potential in Route 120 Study Area

Land Use	Supportable SF
Office	3,000,000
Industrial	4,500,000
Retail	2,600,000
Total	**10,100,000**

Source: *SB Friedman* and URS

OFFICE

Over the past 15 years, only 86,000 square feet of office space was developed within the corridor study area, which represents 0.7% of the 12.3 million square feet of office space developed within Lake County in the same time period. Highway frontage or close access to a highway is a key factor for major corporate office development in the Chicago suburbs. Since 1980, over 83% of all major Class A office developments in the Chicago region have occurred along highways (e.g., the office development along the Eden's Expressway in Lake County and along I-90 in northwest Cook County). The arterial configuration with access controls on the proposed Route 120 corridor and the proximity to the Eden's Expressway is likely to change the competitive position of this corridor and attract office development. For the purposes of the analysis, we assumed that the amount of supportable office would be similar to the office development along major arterial corridors in Lake County such as: Milwaukee Avenue in Lincolnshire and Vernon Hills; Skokie Highway in Lake Forest, North Chicago and Gurnee; and Lake Street

in Mundelein and Libertyville. *Figure 5.5* below shows the office development along these corridors in the past 30 years and the share of all office development within the County.

Figure 5.5: Office Development in Lake County: 1980-2010

Corridor	Extent	Office Space Built 1980-2010	Share of Lake County Development
Milwaukee Avenue	Btw. Lake Cook Rd. & Townline Rd.	6,500,000	27%
Skokie Highway	Btw. Sunset Ave. & Townline Rd.	5,200,000	22%
Lake Street	Btw. Belvidere Rd. & Townline Rd.	2,000,000	8%
Rest of Lake County		10,200,000	43%
Lake County Total		**23,900,000**	**100%**

Source: *SB Friedman* and Costar

We assumed that the study area would continue attracting 0.7% of the countywide office development prior to completion of the roadway. Once the Bypass is completed around 2020, the new frontage and highway access would allow the corridor to become an office location and increase its capture share. However, we estimated a lower capture of approximately 10% to 15% as compared to the Milwaukee Avenue and Skokie Highway office clusters because the study area is located further away from the executive and managerial work force in southeastern Lake County and northeastern Cook County. On the other hand, the proposed access controls and the linkages to both IL 53 to the west and I-94 will likely make this corridor perform better than Lake Street in attracting new office development. Based on future projections of Lake County development and the relative competitive position of the corridor once Route 120 is developed, we conservatively estimated that it could attract approximately 3 million square feet of office over the next 30 years.

INDUSTRIAL

Industrial development was projected using a similar approach. Approximately, 757,000 square feet of industrial space was developed within the corridor study area in the past 15 years, which represents 4.6% of the 16.6 million square feet of industrial space developed within Lake County in the same time period. The highway access will allow superior truck access and likely result in enhanced industrial development potential. Over the last 30 years, the majority of industrial space in the County developed along major arterial corridors such as the proposed Route 120. *Figure 5.6* below shows the growth along these corridors and the share of all industrial development within the County.

Figure 5.6: Industrial Development in Lake County: 1980-2010

Corridor	Extent	Industrial Space Built 1980-2010	Share of Lake County Development
Milwaukee Avenue	Btw. Lake Cook Rd. & Townline Rd.	10,600,000	25%
Skokie Highway	Btw. Sunset Ave. & Townline Rd.	13,147,000	31%
Lake Street	Btw. Belvidere Rd. & Townline Rd.	10,447,000	24%
Rest of Lake County		8,806,000	20%
Lake County Total		**43,000,000**	**100%**

Source: *SB Friedman* and Costar

Route 120 has the opportunity to become a major industrial corridor and attract 20% to 25% of projected industrial growth in the County. For the purposes of this analysis, we assumed a lower end of capture of 20% and estimated that the study area could support approximately 4.5 million square feet of industrial space in the future.

RETAIL

Currently over 30% of the $868 million in retail purchasing power within the study area leaks to the major retail agglomeration in Gurnee, located just northeast of the study area. Over time, as household and employment growth occurs within the corridor, the Route 120 communities have the opportunity of capturing back some of the retail leakage and build on the net new demand generated by new households and employees. CMAP projections indicate that the study area will add approximately 15,000 households and nearly 20,000 employees over the next 30 years. Based on the net new household and employee projections, the corresponding household purchasing power and employee spending (based on Urban Land Institute's "Office Worker Spending Patterns" handbook), and an assumption that 50% of the current retail leakage can be captured within the study area, we estimate that there will be approximately $780 million of net new retail demand within the study area over the next 30 years. Assuming $300 in average sales per square foot, this would support approximately 2.6 million square feet of new retail within the corridor.

ALLOCATION OF DEVELOPMENT WITHIN STUDY AREA

Due to the high-level nature of this analysis, the majority of the development was assigned to the following three zones:

1) Route 120 & Route 45
2) Route 120 & Alleghany Road
3) Route 120 & Fairfield

Because of the location of these zones at new interchanges or intersections, it was determined that these sites would be most likely to develop first. Development was only allocated to other areas along the interchange once the physical capacity of these locations was exceeded and there was remaining, market-supportable square footage to be allocated. In all cases, new development was only allocated to areas that communities had already designated for development.

Analysis of Value Capture Potential

Building on the development potential analysis outlined above, *SB Friedman* estimated the value generation potential of both SSA and TIF-like VCDs. A discussion of assumptions, methodology, and results follows.

BONDING ASSUMPTIONS

As in the analyses provided earlier in this report, *SB Friedman* assumed that bonds would be issued to fund the local match portion of construction costs. Key bonding assumptions included:

- Interest Rate: 5.5% with credit enhancement, and 7% without credit enhancement

- Bonding Term: 25 years
- Year Bonds Issued: 2017
- Construction Start: 2018
- Credit Enhancement: IDOT, the County or other credit-worthy entity will securitize the projected tax revenues from new development and property value inflation. If no credit enhancement is available, then bonding capacity is estimated assuming that EAV in place at the time of bond issuance is held flat through the life of the EAV.

These bonding assumptions were used for both the TIF-like and SSA value capture scenarios. Further assumption details are available under each projection set in the appendices.

As discussed earlier, the credit enhancement assumption is critical to increasing the potential bondable amount. For SSAs without any credit enhancements, bonding feasibility analyses are based on the SSA EAV in the year in which the bonds are issued, and that EAV is held flat throughout the life of the bond. While this provides a higher level of certainty to investors that the bonds will be repaid, this also limits bonding potential. In a case like the Route 120 Bypass where there are large, undeveloped areas with the potential for development, this method reduces the value generation and bonding potential by several orders of magnitude. Therefore, it is critical to identify an entity to provide credit enhancement, as well as to provide a well-grounded analysis of development potential for the VCD.

EAV GROWTH ASSUMPTIONS FROM NEW DEVELOPMENT AND INFLATION

As noted above, new development in the VCD is expected to be constrained to 2.5 million square feet for retail, 3 million square feet for office, and 4.5 million square feet for industrial. Due to the high-level nature of this analysis, new development square footage and the resulting EAV was added annually on a district-wide basis. EAVs of potential development were based on EAV comparables of existing, recently constructed retail, industrial and office developments in Lake County.

It was assumed the Bypass would finish construction in 2020, and that retail, office and industrial development would proceed at an accelerated pace for the first 10 years, with a particular concentration in the first 3 to 5 years. In the development scenarios, all EAVs were accelerated at 2% annually to account for basic inflation of property values.

SPECIAL SERVICE AREA ANALYSIS

As a component of the SSA analysis, *SB Friedman* compiled the tax rates of existing SSAs near the proposed Bypass. Lake County has a significant number of SSAs. Ten of the area SSAs have non-Ad Valorem (non-AV) tax structures, which means that the tax paid by each property is predetermined rather than based on EAV multiplied by the tax rate. An Ad-Valorem tax rate is determined by dividing a taxing body's levy by its total EAV. Non-AV districts are an indicator that an SSA is repaying a bond, since the mechanism allows for even distribution of payments across a new development regardless of PIN EAV. This prevents the first properties in a large, new development from being burdened with the majority of the SSA taxes. *Figure 5.7* on the following page summarizes the existing SSAs in Central Lake County.

Lake County also has a number of "Back-Up" SSAs, which are often created in new developments to provide an alternative source of revenue for debt repayment if the initial source (often the developer or Homeowners Association) fails to make payments. These SSAs are also indicated in *Figure 5.7*.

Figure 5.7: Central Lake County SSA Tax Rates and Levies

Special Service Areas within One-Mile	Total 2010 EAV [1]	2010 Levy	Tax Rate (Derived) [2]	Type of Tax	Purpose	Back-up SSA?
Volo SSA 3	$21,257,414	$1,228,457	5.779%	Non-AV	Development	
Volo SSA 6	$14,488,873	$564,866	3.899%	Non-AV	Development	
Round Lake SSA 1 - Lakewood Grove	$27,997,096	$846,030	3.022%	Non-AV	Landscaping	
Round Lake SSA 1 - Bright Meadows	$18,215,051	$23,970	0.132%	Non-AV	Development	
Volo SSA 4	$21,257,414	$0	0.000%	Non-AV	Development	
Volo SSA 9	$13,322,484	$0	0.000%	Ad Valorem	Stormwater/landscaping	
Volo SSA 10	$1,166,844	$0	0.000%	Ad Valorem	Stormwater/landscaping	Y
Volo SSA 11	$6,765,141	$0	0.000%	Ad Valorem	Stormwater/landscaping	Y
Volo SSA 14	$2,922,833	$0	0.000%	Ad Valorem	Stormwater/landscaping	Y
Round Lake SSA 1	$39,469,183	$0	0.000%	Ad Valorem	Wetlands	
Round Lake SSA 2 - Prairie Walk	$14,546,586	$0	0.000%		Landscaping/wetlands/drainage	Y
Hainesville SSA 1	$28,493,514	$0	0.000%	Ad Valorem	Lake/woodland conservation	
TOTAL	**$209,902,433**	**$2,663,323**	**Wtd Avg: 3.25%**			
Special Service Areas Outside One-Mile Buffer	**Total 2010 EAV [1]**	**2010 Levy**	**Tax Rate (Derived) [2]**	**Type of Tax**		
Volo SSA 8 [3]	$175,366	$536,305	305.820%	Non-AV	Development	
Round Lake SSA 3 - Lakewood Grove	$9,007,129	$276,843	3.074%	Non-AV	Development	
Round Lake SSA 4 - Lakewood Grove	$13,607,446	$370,872	2.726%	Non-AV	Development	
Lake County SSA 10	$4,159,156	$72,078	1.733%	Ad Valorem	Sewer	
Wauconda SSA 1	$74,752,399	$781,174	1.045%	Non-AV		
Libertyville SSA 1	$14,136,132	$21,204	0.150%	Ad Valorem	Signage/stormwater	
Libertyville SSA 2	$18,857,948	$22,230	0.118%	Non-AV	Signage/stormwater	
Volo SSA 5	$22,418,424	$0	0.000%	Ad Valorem	Snow/stormwater/landscaping	Y
TOTAL	**$157,114,000**	**$2,080,706**	**Wtd Avg: 0.71%**			

Sources: Lake County Clerk and *SB Friedman*

[1] Total 2010 EAV is from Lake County 2010 PTAX-251 report.

[2] Tax rates are derived for non-ad valorem SSAs. Actual tax rates are provided for ad valorem SSAs. Volo SSA 8 has been excluded from the calculations.

[3] Volo SSA 8 appears to be a single, partially completed residential development. The lack of anticipated development/EAV leads to an atypically high derived tax rate.

As shown in *Figure 5.7*, the weighted average SSA tax rate within the one-mile buffer area is 3.25%, and is 0.71% within central Lake County. Data from the Lake County Clerk indicates that the Volo and Round Lake SSAs within the one-mile area overlay newer residential subdivisions and are paying for infrastructure related to their development. The weighted average tax rate for both SSAs is 1.27%.

Based on *SB Friedman's* experience, the average SSA rates in Lake County are higher than would likely be feasible in an SSA-based VCD. Due to partially completed residential developments and overall economic conditions, the current SSA rates may also be artificially inflated. Therefore, we analyzed the value generation potential of lower tax rates of 0.5% and 1.0%. For the final analysis, three taxing scenarios were evaluated:

1) 0.5% flat rate over the entire VCD area
2) 1.0% flat rate over the entire VCD area
3) Graduated tax rate scenario :
    a. 1.0% tax rate in the zero- to half-mile buffer
    b. 0.5% tax rate in the half- to one-mile buffer

As noted above, normal SSA-based bonding criteria limit the potential to utilize inflation and development assumptions in bonding capacity estimates. The current, non-residential EAV in the study area is based upon a significant amount of undeveloped land, is therefore rather low and, when held to normal bonding parameters, produces minimal revenues. The "Baseline" column in *Figure 5.8* below provides the anticipated bondable amount for each scenario if the bonds are based solely on district EAV during the anticipated year of issuance (2017). Please see Appendix 10 for full SSA revenue projections.

Figure 5.8: SSA Analysis Bonding Potential by Scenario

Tax Rate Scenario	Baseline (no Inflation) [1]	Development [2]
Flat Rate - 0.5%	$ 5,538,000	$ 16,267,000
Flat Rate - 1.0%	$ 11,076,000	$ 32,534,000
Graduated [3]	$ 8,608,000	$ 27,161,000

[1] The 2010 district non-residential EAV was obtained from the Lake County Assessor, inflated to the year of issuance at a rate of 2%, and then held flat during the life of the bond.
[2] As described above, approximately 7.5 million SF of total development SF was phased in over the life of the bond, and the resulting new property value was incorporated in district EAV projections.
[3] A 1.0% tax rate was assumed for the zero- to half-mile district and a 0.5% tax rate was assumed for the half- to one-mile district.
Source: *SB Friedman*

However, a development scenario in which the 10.1 million square feet of anticipated new commercial and industrial space is phased in over the life of the bond produces approximately three times the revenue of the baseline scenario, indicating the potential of new, non-residential development to contribute to a value capture mechanism. As noted above, the development scenario involves assumptions that may be considered speculative. A credit-worthy entity would be required to credit enhance the bonds, and that entity would likely require in-depth analyses of area development potential prior to taking on the risk of bond repayment and/or SSA tax caps that are significantly higher than the 0.5% and 1.0% tax rates contemplated.

It is notable that the SSA scenarios above produce less revenue than the smaller, half-mile transit-oriented districts contemplated in the prior analysis of the Skokie Oakton Station and in the Red Line Extension analysis included in this report. This occurs for several reasons. First, due to the unclear benefits received by residential properties from new highway improvements, residential EAV was excluded from this analysis. As noted above, residential EAV comprises a significant portion of the current area EAV and its exclusion has severe impacts on the value generation potential of an SSA VCD. Second, the development typologies contemplated in this analysis are less dense than those in the transit scenarios. Rather than mixed-use developments with minimal parking and open space, development in the bypass corridor is much more diffuse in nature and is likely to occur at the lower densities found in major suburban commercial corridors. The high percentage of wetlands and lakes in the area also limits the physical development density of many sites. Finally, because much of the existing properties are vacant or farm land, they have relatively low existing EAV and do not produce significant revenues until a substantial amount of the potential new development is phased in. Taken together, these factors lead to a less productive SSA VCD even though the Bypass VCD being studied is significantly larger in size.

TAX INCREMENT FINANCE ANALYSIS

Tax Increment Finance (TIF) does not appear to be to be a commonly used tool in Lake County, and no TIF districts overlap the Bypass study area. The closest TIF districts are in Round Lake Beach (~2 miles north) and in Libertyville (~3 miles southeast). However, TIF was found to have significant value generation potential in the prior analysis and, given the scale of funding required for the Bypass, may prove necessary to fully fund the required improvements. While the area is unlikely to meet current blight criteria for TIF district establishment, this analysis assumes that a new, transportation-focused TIF mechanism would be available to assist in financing the Bypass.

Creation of a TIF district to fund the Bypass would involve both political and technical considerations. TIF districts are facing increasing resistance from underlying taxing districts in the CMAP region. Furthermore, the one-mile TIF district contemplated for this analysis is large in scope, and has the potential to strongly impact the overlapping tax districts. As a result, the analysis was structured to estimate only the portion of TIF revenues likely to be attributable to non-residential development spurred by the Bypass and the inflation in EAV of all existing uses including residential.

Per the Feasibility Analysis, there are approximately 12,000 existing residential units along the Route 120 corridor, and communities have planned for approximately 3,600 new units by 2030 (under the four-lane Bypass scenario). This would represent a 30% increase in residential units in the area and, likely, an equal or greater increase in residential property EAV. As described in the assumptions below, any increase in EAV from new residential development was excluded from the analysis. This provides an initial attempt to preserve a portion of TIF revenues for underlying taxing districts.

The following assumptions were incorporated into the TIF model:

- **District Size:** One-mile buffer from the proposed improvement
- **Inflationary EAV:** All properties, regardless of residential or other land use, were included in the Base EAV, and the TIF was assumed to receive inflationary increment from this base. Given the current preponderance of residential EAV in the district, this helps to provide a strong initial base of value from which to generate increment.
- **Inflation Rate:** A conservative 2% inflation rate was used for all scenarios.

- **EAV from New Development**
  - Residential Development: EAV from potential new residential development was not incorporated into this analysis. It was assumed that all incremental revenues from this type of development would be diverted to school, park, fire and other districts to pay for the capital needs generated by new residential units.
  - Commercial and Industrial Development: EAV from all potential new, non-residential development was incorporated into the TIF projections. Existing EAV was replaced with phased in new development value. New development potential was capped at the 10.1 million square feet described above.
- **Tax Rates:** 2010 property tax rates were held flat throughout the analysis period.

Finally, it is assumed that the full amount of tax increment produced under this constrained scenario will not be fully available for repayment of bonds related to Bypass construction. However, the analysis structure above that excludes EAV from new residential development provides a first attempt to carve out TIF revenues that may be diverted to underlying districts and anticipate the amount of TIF that is more likely to be available for Bypass costs.

Figure 5.9 below provides the estimated bondable amounts based on "Inflation-Only" and "Inflation + Development" TIF projections. These analyses bracket the reasonable value generation range of a TIF-based Bypass VCD that depends in large part on the increment produced by new, non-residential development. The Inflation-Only scenario assumes a conservative 2% inflation of existing EAV only. The Inflation + Development scenario assumes 2% inflation for areas that are not developed as well as phased incorporation of the EAV generated by the approximately 10.1 million SF of anticipated new non-residential development. Appendix 11 provides full TIF projections for both scenarios.

As in the SSA scenario, inclusion of new development value in the bonding assumptions allows for significantly more revenue generation. However, due to the inclusion of existing residential land uses in the inflation-based portion of the value projections, the resulting bondable amounts are significantly higher.

Figure 5.9: Estimated Bondable Amounts for a Route 120 Bypass TIF Value Capture Scenario

Scenario	Estimated Bondable Amount
Inflation-Only[1]	$ 115,318,000
Inflation + Development [2]	$ 259,912,000

[1] Inflation of current EAV within the 1-mile buffer area at 2% annually. No new development is assumed.
[2] Inflation of current EAV plus phasing in of new development EAV over the 25-year bonding period.
Source: *SB Friedman*

The bondable range of $115 million to $260 million indicates significant potential for a TIF-like VCD focused on the Bypass to contribute to financing of the Central Lake Thruway. This value range excludes increment produced by new residential development, and therefore, has an inherent assumption of diversion of some portion of the tax increment to underlying taxing bodies. However, it is likely that additional sharing of the increment above will be required to assure underlying taxing bodies that other infrastructure needs generated by the new development can be paid for.

Additionally, the Inflation + Development scenario may prove too speculative for IDOT, the County or other entity to provide credit enhancement. Therefore, the final bondable amount may be closer to the Inflation-Only scenario. Nonetheless, this higher amount represents approximately one-quarter of the total cost of the proposed improvement and can provide a significant contribution toward capital costs if remaining funding sources are required.

Route 120 Bypass Value Capture Analysis Conclusions

The Route 120 Bypass has the potential to resolve major congestion issues, provide new access to significant areas of developable land, and increase property values in Central Lake County. It demonstrates significant potential, particularly via a TIF mechanism. The TIF mechanism appears to be a robust value-generating mechanism because the corridor has a strong base of current EAV which includes all land uses, is forecast to have significant new development, and the full average property tax rate is applied to EAV growth and inflation. The SSA mechanism is less successful due to the exclusion of residential property types, the relatively-low, existing EAV base for non-residential uses, and the relatively lower anticipated density of future development.

In practice, the potential use of either value capture mechanism will require extensive intergovernmental cooperation and consensus, and likely require changes in Illinois law. A host of issues will need to be examined through a collaborative process with involved stakeholders to identify an acceptable and effective value capture mechanism. These include the following:

- **Stakeholder Coordination.** Coordination of opportunities for an open dialog with all involved agencies and stakeholders are vital to establishing an acceptable mechanism for generating new local revenues for this project. Input on key aspects of the value capture mechanism and district boundary will be an important component of determining the available funding.
- **Proportionality to Benefits.** Tax rates and/or district boundaries must be properly calibrated and designated to ensure that local contributions equitably align with anticipated economic benefits from new development potential and from value increases to existing properties.
- **Defining the Governance Structure.** TIFs and SSAs are primarily municipal tools. In this analysis, the boundary crossed multiple municipalities. A unique governance structure may need to be established to manage a multi-jurisdictional district.
- **Securing Legislative Approvals**. Legislative amendments or new legislation will likely be needed to facilitate the application of TIF and SSA for regional transportation projects. This is likely to include variances on eligibility criteria for establishing districts for transportation improvements and the multi-jurisdictional applicability indicated above.
- **Validation of Future Land Use Concept.** If the bonding capacity relies on future development and a credit enhancement is provided by a credit-worthy entity, it is likely that the entity will require broad consensus on future growth policies by communities, including the appropriate level of zoning and density levels to facilitate the anticipated level of new development. This would likely require in-depth market analysis and collaboration with communities to establish appropriate zoning designations. Similarly, coordination with CMAP will also be necessary to maintain consistency and compatibility with regional growth policies and goals.

6. Transportation Value Capture Analysis Conclusions

The heart of this assignment was to apply the lessons learned from prior Value Capture analyses and expand understanding of the tool's potential for funding a broader array of transportation improvement types. The review of value capture mechanisms and the project-based analyses included in this report have provided insights not only regarding the potential for value capture across different transportation improvement types, but also on the types of economic and development situations that the various value capture mechanisms may be most suited for. Additionally, the menu of value capture mechanisms that have potential for the region was expanded based on both recent state statutory changes and new understandings regarding the capacity and national applications of the available tools. In summary, there appears to be significant potential for value capture in the region, but each situation will require a tailored approach that incorporates current economic conditions, projected development capacity, political concerns regarding value capture mechanisms, and implementation considerations for the large geographic nature of most transportation improvements.

Project-Based Analysis Conclusions

Each of the three evaluated projects posed a unique transportation improvement scenario that had to be analyzed in the context of the scope of the proposed improvement, area economic condition, existing local special taxing districts and local tolerances for such districts, and development potential.

RED LINE EXTENSION ANALYSIS

Overall, the value capture analysis for this project indicates that traditional value capture tools may not be appropriate for highly disinvested areas which already face significant challenges associated with public infrastructure needs and private sector redevelopment. Both the SSA- and TIF-like value capture districts produce a maximum of $44 to $46 million in value capture revenues, which are not of a sufficient scale to pay for the local match component of a Federal New Starts project. These findings are in line with the analysis of existing neighborhood TIFs and SSAs, which are, respectively, producing minimal incremental revenues and utilizing high tax rates to generate relatively small levies. This not only limits the potential of a value capture district, but points to an ongoing need for additional funding for non-transit infrastructure investments and major redevelopment initiatives. Finally, the analysis of the impact of transit access on the economics of new development in the neighborhood indicates that new transit access on its own is unlikely to dramatically change the competitive position of the neighborhood and attract financially self-supporting redevelopment.

As a result, a value capture mechanism focused only on the station area or immediate neighborhood for transit improvements in disinvested areas is both unlikely to generate significant revenue and likely to compete with redevelopment projects and other infrastructure needs for that revenue. Therefore, other strategies to tap broader resources should be considered if local financing is required for transit improvements in disinvested areas. Potential strategies include:

- Porting money from adjacent healthy TIF districts.
- Creating significantly larger, corridor-based TIF districts along the transit line to leverage higher property values in adjacent station areas.

- Designating a portion of other city-wide or county-wide revenue sources such as sales tax, parking tax, hotel taxes, etc. to fund transit capital needs on an ongoing basis or to create an initial transportation improvement capital fund that projects must repay.
- Allowing for transfer of funds from high-performing TIF districts towards significant infrastructure projects such as transit. This could be structured as formal "infrastructure bank" or other tool with defined investment criteria. This type of initiative will require amendment of existing statutes or creation of a new statute.

WILMETTE PARKING GARAGE ANALYSIS CONCLUSIONS

The Wilmette Parking Garage analysis provided insight into the financing structure for municipal parking garages throughout the region, outlined various non-municipal sources of capital funding available for TOD-based parking garages, and evaluated the potential of TIF, SSA, and a developer fee to fund the construction of the proposed downtown parking garage. One key finding is that a number of municipalities in the region have relied on TIF to finance parking garages. While several non-municipal sources of funding for parking structures do exist, (Metra, CMAQ, Mass Transit districts) each of the funds outlined above has its own requirements as well as limited available funds. As a result, these sources generally cannot cover the full cost of structured parking. Accordingly, the use of a TIF or SSA district is likely the best option for communities seeking to build a parking structure.

Utilization of the proposed local funding tools – TIF, SSA, developer fee and institutional user pay-ins - will raise significant political concerns in many municipalities. Underlying taxing districts are likely to be concerned about creation of a TIF, some businesses may be opposed to an SSA tax, and developers are likely to push back against added upfront fees. Further, this analysis assumed contributions from another taxing district, namely the Wilmette Public Library, and contributions such as these are likely to require significant negotiation. Finally, outside grants may come with restrictions on the usage of funds, parking fee rates and organization of parking types within the garage. Therefore, in addition to the financial trade-offs between different funding sources, there are also implementation and policy trade-offs that must be considered when structuring the capital funding package for a parking garage.

In conclusion, a parking structure in downtown Wilmette could be financed through a combination of grants and local sources of funds, with debt repayment provided by a combination of parking fees and either SSA or TIF revenues. While the majority of funding is likely to come from SSA or TIF revenues, up-front contributions from different users and outside grants can also make a significant contribution, and (in the case of SSA funding) help to keep the SSA tax rate at an acceptable level. The needs of users and policy considerations should be carefully weighed when deciding on sources of funding, particularly where the choice between one source and another impacts users differently. If properly financed, a parking garage has the potential to alleviate parking supply constraints and help catalyze redevelopment activity in the downtown without imposing unbearable costs on the community.

ROUTE 120 BYPASS VALUE CAPTURE ANALYSIS CONCLUSIONS

The Route 120 Bypass demonstrates significant value capture potential, particularly via a TIF mechanism. In this case, the TIF mechanism appears to be a robust value-generating mechanism because the base EAV utilizes all land uses, the corridor has a strong base of current EAV, and is forecast to have significant new, non-residential development. The analysis provided also offers one potential option for carving out increment for underlying districts, although additional sharing of increment will likely be required. In contrast to TIF, an SSA mechanism generates significantly less revenue due to the

exclusion of residential property types from both current and future EAV projections, the relatively low existing EAV base for non-residential uses, and the anticipated relatively lower density development pattern.

Value capture districts for highway improvements pose unique implementation and political challenges related to the large geographic scope of the proposed districts and the resulting potential fiscal and economic impacts. The potential use of either a TIF or an SSA value capture mechanism will require extensive intergovernmental cooperation and consensus, and likely require changes in Illinois law. A host of issues will need to be examined through a collaborative process to identify an acceptable and effective value capture mechanism. In addition to the legislative amendments discussed later in the chapter, necessary steps in creating a highway-based VCD may include the following:

- **Stakeholder Coordination.** Coordination of opportunities for an open dialog with all involved agencies and stakeholders are vital to establishing an acceptable mechanism for generating new local revenues for this project. Input on key aspects of the value capture mechanism and district boundary will be an important component of determining the available funding.
- **Proportionality to Benefits.** Tax rates and/or district boundaries must be properly calibrated and designated to ensure that local contributions equitably align with anticipated economic benefits from new development potential and from value increases to existing properties.
- **Defining the Governance Structure.** TIFs and SSAs are primarily municipal tools. In most cases, the VCD boundary will cross multiple municipalities. A unique governance structure may need to be established to manage a multi-jurisdictional district.
- **Validation of Future Land Use Concept.** If the bonding capacity relies on future development and a credit enhancement is provided by a credit-worthy entity, it is likely that the entity will require broad consensus on future growth policies by communities, including the appropriate level of zoning and density levels to facilitate the anticipated level of new development. This would likely require in-depth market analysis and collaboration with communities to establish appropriate zoning designations. Similarly, coordination with CMAP will also be necessary to maintain consistency and compatibility with regional growth policies and goals.

Value Capture Mechanism Conclusions

As has been noted throughout this analysis, each value capture mechanism has unique advantages and drawbacks regarding its application for transportation improvements. However, some conclusions regarding future implementation needs are common across all mechanisms. These overarching issues as well as mechanism-specific needs must be addressed to effectively utilize value capture tools in the region.

LOCAL VERSUS MULTI-JURISDICTIONAL TOOLS

Most of the tools explored in this report can only be utilized at the municipal or, to a lesser extent, county level. However, many of the GO TO 2040 Priority transportation improvements cross municipal boundaries. As a result, if value capture is to be utilized in large-scale transportation improvement projects, statutory amendments or new statutes creating multi-jurisdictional versions of existing tools (SSA, TIF, BD) to fund transportation improvements may be desirable. Such legislation will have to be carefully structured to assure underlying municipalities and taxing districts that they will have a say in the establishment process and will not experience adverse fiscal impacts. However, creation of single

VCD districts has the potential to allow for more efficient management of the district, smoother establishment processes and timelines, and creation of a unified district that sits outside the variable fiscal and political conditions of individual municipalities.

INTERGOVERNMENTAL COOPERATION AND PARTNERSHIPS

As noted in the prior analysis, each of the evaluated value capture mechanisms will require participation of a number of local and regional actors. Many transportation improvements cross jurisdictional boundaries, and local funding contributions will therefore require the cooperation and work of multiple communities. At this time, the multi-jurisdictional tools noted above do not exist. In their absence, cooperative agreements will be required.

Additionally, the geographic scope of transportation-supportive Value Capture districts is large, which poses equity concerns. Therefore, utilization of many of the proposed district types will require careful analysis and negotiation regarding how communities benefit from a transportation improvement and how that benefit relates to the proposed fee, tax, or increment.

MECHANISM-SPECIFIC CONCLUSIONS

As noted in the Value Capture Mechanisms chapter, there are a number of tools that have potential for usage in Illinois, but the most broadly applicable mechanisms are likely to be TIFs and SSAs. These mechanisms have been successfully used nationally, as demonstrated in the highway case study analysis in this report and the transit case study analysis in the prior report. They are already enabled under Illinois statute, although some legislative changes are required as indicated above to fully realize the potential of each mechanism for regional transportation projects. Key aspects of these mechanisms and the implementation considerations required to make them effective as a transportation value capture tool include the following:

- **TIF:** The most significant advantage of a TIF-like value capture mechanism is that it does not directly increase the tax burden on property owners and does not negatively impact development. However TIFs are currently facing significant resistance because they are perceived to divert taxes from underlying taxing districts. If TIF is to be used as a value capture mechanism in Illinois for major regional projects, it will need to have amendments to eligibility criteria and have a system for equitable increment sharing between the transportation project and other local needs.

- **Special Assessment Districts:** Illinois SAs and SSAs are the most bondable source of value capture revenue, providing significant potential to generate up-front funding for capital costs in well-developed areas. However, this mechanism involves imposing a new property tax, and the political and economic concerns surrounding that added tax appear to pose the most significant barrier for utilization of SSA as a value capture mechanism. Therefore the use of this mechanism requires that the tax rate and boundary be calibrated so that they do not negatively impact development, that the tax is applied only in areas where direct benefits of the new infrastructure can be proven, and that the tax burden is proven to have proportionality to benefits.

In addition, a second set of mechanisms, Transportation Utility Fee, Joint Development, Business District and Development Impact Fees, appear to have some potential in the region, but require significant

statutory changes or appear to be only applicable in specific situations. This set of mechanisms may have potential in Illinois, but would require further study and/or significant policy and legislative changes.

- **Business District (BD):** Business districts are utilized to impose an added sales and/or and hotel tax. In some portions of the region, particularly Cook County, current sales tax rates are already high and therefore may limit the potential for further increases. Additionally, use of this mechanism is most effective in situations where significant existing retail and hotel development has already occurred. Alternatively, areas with projected new development may utilize this tool if major new development is planned by a single development entity, market potential is proven for the planned development, and the developer has proven capacity to fully construct the proposed development.

- **Transportation Utility Fee (TUF):** This mechanism is only applicable to roadways, but has the benefit of targeting charges to those who use roads more frequently because fees are calibrated based on the traffic generation for particular land uses. However, TUF's have been successfully challenged in court and a successful application needs to demonstrate a direct and equitable connection of the fee to the service being provided. Given the legal uncertainty and its normal application to maintenance costs, additional research is needed to assess its potential application as a funding tool for new infrastructure and its potential for Illinois.

- **Joint Development:** Joint development is pursued in some cases in the region through the installation of communication infrastructure in transportation ROW. Currently in Illinois (and many other states), public entities must purchase only the minimum amount of land required for an improvement project and there requirements regarding disposition of land purchased with state and federal funds. As a result, the current set of case law, federal and state statutes and rules, and case studies would need to be considered to define avenues for allowing greater land acquisition powers and creating a better environment for joint development in Illinois.

- **Development Impact Fees (DIF):** This mechanism imposes a fee on new development to finance new infrastructure. Current impact fee legislation in Illinois pertains to road improvements and has a relatively restrictive test that requires that the impact fee charged must be "uniquely and specifically" attributable to a given development. Additionally, utilization of an impact fee for a catalytic improvement in a developed area may unequally impact new development versus existing development, which also benefits from significant added access. Since development impact fees are dependent upon the unpredictable nature of future development, it is difficult to monetize this revenue stream to generate up-front revenues for capital improvements. However, this tool is being effectively used at the county level to fund road improvement programs.

Conclusion

The prior 2010 analysis demonstrated the effectiveness of value capture for transit projects and quantitatively showed that this tool could have been used to generate the required local match for a new station in Skokie, IL, an area of relatively high property values. This current study supports the conclusion of the prior study that value capture has significant potential as a financing mechanism and extends its application to a broader set of transportation improvement typologies and situations.

Specifically, this study highlights the challenges associated with the use of value capture in an economically distressed area, illustrates its effectiveness to fund public parking within a TOD context, and also demonstrates that value capture can be successfully used to fund highway projects.

While each of the project-based analyses in this report found some amount of value capture potential, it is also clear that, in some cases, value capture is likely to provide only a portion of an overall package of local funding contributions for a transportation improvement. While other infrastructure finance tools are not the province of this report, options such as public-private partnerships, user fees/tolls, special sales or use taxes, special federal and state grants and financing tools, and similar funding tools may be necessary to create a full funding package for some transportation improvements. As the Red Line analysis indicates, areas with a history of disinvestment may pose a particular challenge for value capture mechanisms. In this type of area, it may be necessary to solicit additional federal or state resources or, if a local contribution is key, leverage broader municipal, county or regional tax bases to generate a local match.

We believe that in this new, resource-constrained economic reality, it will be necessary to use innovative financing mechanisms such as value capture to ensure that we can continue to build the critical transportation infrastructure to keep our region competitive. While value capture is not the only available tool for generating local infrastructure funding, it has the potential to provide significant contributions toward the capital needs of transportation projects. If value capture is to be utilized in large-scale transportation improvements, it will be necessary for major actors in our region and state to pursue the necessary legislative amendments to facilitate the use of value capture tools for financing regional infrastructure improvements.

7. Appendices

APPENDIX 1: MEMORANDUM: VALUE CAPTURE FOR HIGHWAY INVESTMENTS

Memorandum:
Value Capture for Highway Investments

Contents

1. Introduction

Purpose of Document

Due to a variety of factors, conventional sources of transportation finance have become insufficient for keeping the transportation network in the Chicago region in a state of good repair, let alone to provide for new infrastructure investments that are crucial to the region's economic future. Meanwhile, the traditional split of federal and local funding for transportation projects has increasingly placed more of a burden on local governments to find higher match levels of funding. The result is the need for the Chicago region to consider innovative financing methods for needed transportation improvements, including the potential to capture economic development impacts (e.g., new development, land value increases) from a transportation project to help finance its construction.

The applicability of value-capture financing methods to transit projects was the subject of a previous work product, "Transit Value Capture for the Chicago Region" (November 2010). This report provided background on a number of value capture mechanisms that could be used to help fund related transit improvements, and selected three that were most viable for use in the CMAP region: tax-increment financing, special-service areas, and development impact fees. The study then evaluated the potential for using each of these mechanisms to help finance a specific transit improvement (creation of an Oakton Street Station on the CTA Yellow Line).

This memorandum seeks to build on the previous analysis by taking a similar approach to analyzing the group of value capture mechanisms as they may relate to highway infrastructure projects. This report provides an overview of the various mechanisms, example projects from other states that have attempted the use of value capture financing in highway projects, and discussion of which mechanisms hold the most viability for the CMAP region and highway projects included in the *Go To 2040 Plan*.

Highways and Value Creation

The relationship between transportation accessibility and land value is well documented. This applies to all modes of transportation, be it highways, public transportation or freight facilities. As a general rule, locations with higher accessibility demand a higher price, while those with less accessibility are cheaper.

In comparison to transit infrastructure, which creates most value within a pedestrian-shed (¼-mile to ½-mile), highway corridors and interchanges have the potential to impact a much broader geographical area. This may indicate that value-capture mechanisms for highway improvements would need to be considered over a broader geographic area than a transit project, likely a mile or more.

In addition to a broader economic impact area, highway-related development tends to be of a different scale and type compared to that which may occur around a transit station or facility. In the immediate areas around a highway or interchange, auto-oriented retail centers, truck-oriented industrial/transportation firms, and other commercial land uses benefit the most from improved accessibility. Farther away from the transportation asset, more residential development may be spurred

by enhanced accessibility from the highway asset to employment areas elsewhere in the region. The above considerations will influence the type of value-capture mechanism that works best for the highway capital projects listed in the *Go To 2040 Plan*.

Major Highway Projects in CMAP Go To 2040

The types of improvements listed in the *Go To 2040 Plan* are major highway capital improvements that are often in the billions of dollars in capital cost. Those with a major capital component can be found in the table below, and give a sense of the types of projects that value-capture financing could be considered for in the Chicago region.

Go To 2040 Priority Projects with Major Roadway Investment

New Projects or Extensions	Cost (Millions $)
Central Lake County Corridor (IL 53 & IL 120)	$2,000
Elgin O'Hare Expressway Improvements	$3,500
I-294/I-57 Interchange	$580
Expressway Additions and Improvements	
I-190 Access Improvements	$355
I-80 Add Lanes	$100
I-88 Add Lanes	$20
I-94 Add Lanes North	$100
Managed Lanes	
I-55 Managed Lanes	$1,600
I-90 Managed Lanes	$1,800
I 290 Multimodal Corridor	$1,500

Source: CMAP Go To 2040

2. Value Capture Mechanisms

Based on a recent comprehensive review of value capture mechanisms (Center for Transportation Studies, 2009), there are eight value capture mechanisms that have potential applicability to transportation projects. These are presented in the table below, along with the result of the analysis of their utility for transit value-capture during the previous phase of work.

Value Capture Mechanism	Examined for Transit Projects?	Result
Tax Increment Financing (TIF)	Yes	Potential transit value-capture applicability.
Special Assessments	Yes	Potential transit value-capture applicability.
Development Impact Fees (DIFs)	Yes	Potential transit value-capture applicability.
Joint Development	Yes	Very limited applicability for transit value-capture.
Transportation Utility Fee (TUF)	Yes	More appropriate for roadway applications.
Land Value Tax	Yes	Highly difficult to implement.
Negotiated Exactions	No	n/a
Air Rights	No	n/a

Each of the value-capture mechanisms above has been reexamined in terms of its applicability to highway and roadway projects within the CMAP region, and in particular projects in the Go To 2040 Plan (see table on page 2). This analysis is presented in the table on the following pages, which includes:

- a description of the mechanism,
- its potential applicability (or current use) for highway investments, and
- any local implementation considerations for the Chicago region.

Note that the discussion below builds upon the analysis of most of these mechanisms for use on transit-related projects in the previous phase of work.

Analysis of Value Capture Mechanisms for Highway/Roadway Applications

Mechanism	Description	Applicability to Highway/Roadway	Implementation Considerations
Tax Increment Financing (TIF)	TIF captures the property tax increase that is caused by growth in the equalized assessed value (EAV) of a district. The base EAV of a district is set at its establishment, and all taxes on property above that base EAV are diverted to the district to fund improvements.	As improved transportation facilities, such as a new highway or interchange, contribute to growth in property value and development, TIF could be used to capture the incremental growth that occurs. TIF-like districts have been set up in recent years as a financing mechanism for roadway and transportation projects in Texas.	Illinois law would need to be modified to allow creation of a TIF district based on adjacency to existing or planned transportation investments as opposed to other factors. TIFs can also be controversial in a local community due to potential negative funding impacts on other taxing districts. At the same time, TIF districts have the unique benefit of not directly adding to the property tax burden on a property.
Special Assessments	This is an additional tax or assessment on the full value of a property, usually paid by property owners within a defined district that benefit from the improvement (to the extent that they benefit above and beyond the general public).	Offers a straightforward, well-understood mechanism for contributing to transportation projects nationally. For large-scale investments, the Commonwealth of Virginia's has authorized use of transportation reinvestment districts that have been used by local counties to help fund major highway projects.	Although most value capture literature refers to the special assessment as a single mechanism (Value Capture SA), Illinois has two types of very distinct special assessment districts: Special Assessment district (Illinois SA) and Special Service Area (SSA). An Illinois SA requires a detailed establishment process and demonstration of a specific benefit to the property owner, while an SSA is easier to establish but requires the support of property owners. These factors may potentially make special assessment districts limited in the amount of revenue that could be generated.
Development Impact Fees (DIFs)	This is a one-time fee charged to a development based on a justifiable relationship between a development and the off-site transportation infrastructure needed to serve it.	Legal precedent suggests that fee charged would be required to be used for new infrastructure that supports related growth in demand. Many states (e.g., Washington, Florida) have seen widespread application of transportation impact fees. They have also been put in place in Illinois (DuPage County has used a roadway impact fee to help supplement transportation funding).	Illinois law states that any development impact fee for transportation must be "specifically and uniquely attributable" to the service demands created by the new development. One drawback of the development impact fee is the potential for the fee to negatively influence the development market for a district.
Transportation Utility Fee (TUF)	TUFs treat transportation networks in the same manner as other public utilities (e.g., sewer systems), by charging individual properties based on some measure of their impact to the nearby transportation network.	Typically used by cities and towns to help provide ongoing maintenance or program funding (most widespread example of their use has been in the State of Oregon). Like impact fees, the TUF needs to be based a discernible link between the transportation usage and the imposed fee. Thus, applicability to roadway projects can be based on estimations of the traffic generation profile for a particular land use.	TUFs have not been used in the Chicago region or in Illinois. Use of a TUF would logically shift more of the cost burden for transportation to commercial and industrial users that have a more direct benefit from and usage of the surrounding transportation network. Unlikely to generate significant funding for major new highway investment.

Analysis of Value Capture Mechanisms for Highway/Roadway Applications

Mechanism	Description	Applicability to Highway/Roadway	Implementation Considerations
Joint Development	Joint development is a broad category, and defined as any collaboration between the public sector and a private developer to develop land in concurrence with transportation improvements. One common example would be when a municipality or transportation agency utilizes land it owns, for a redevelopment project in which it shares profit from the development through a variety of forms of financial participation in the real estate project.	Joint development is most often associated with sites adjacent to transit infrastructure, although some examples of highway applications exist, particularly in dense urban expressway corridors. One joint development example which may have relevance for highway projects is the joint locating of utilities along a new highway corridor.	The joint development model is not often used in Illinois or the Chicago region, and by its nature would be need to be approached on a case-by-case basis to determine if there are relevant applications. Even if joint development agreements were to occur, it would not be certain that a significant revenue stream would be created that would help fund a transportation project.
Land Value Tax	This is an additional tax solely on the land value of a property, without regard to any development that has occurred. For value-capture, a land value tax could be used to capture the general rise in the price of land due to the increased accessibility associated with a transportation project.	A tax on only land is rarely used due to a variety of complications, some of which are described under "Implementation Considerations." As a result, there are few documented examples of this in use for transportation projects, particularly in the United States.	Illinois law does not currently allow for different property tax rates to be applied to land and improvements. In addition, there is a lack of consistency in the assessment of land values both within Cook County and regionwide, making a tax based on the land value alone to be a functionally difficult method for value capture in the Chicago region.
Negotiated Exactions	Similar in concept to a development impact fee, a negotiated exaction is when a developer is required to provide some contribution for their impact on local services such as transportation. This is typically determined on a case-by-case basis rather than a consistent measure.	Because the negotiated exactions do not necessarily, or even typically, involve large sums of money, it is difficult to imagine how this method would be used to help fund a new piece of highway infrastructure.	May be a way to reduce funding burden on a project (e.g., for property acquisition), but unlikely to be consistently used to generate highway funding.
Air Rights	Air rights are a form of value capture where the public agency utilizes the development value literally above their transportation asset, such as the development situated on top of a roadway or transit station.	More typically associated with projects in dense urban areas (e.g., Millennium Park), where land demand and zoning regulations are such that major developments on air rights are both feasible from a market standpoint and allowable by the City.	Unlikely to be a factor for many of the highway projects under consideration in the Go To 2040 plan.

3. Case Studies

Using value-capture financing for roadway or highway projects is a topic of increasing interest, but one that has few strong applications. In addition, some of the potential mechanisms for value-capture financing are not suited to large capital infrastructure projects, the main area of interest for CMAP in looking to find financing mechanisms with significant enough purchasing power to help pay for projects listed in the Go To 2040 Plan.

A review of current literature and project information identifies special assessment districts, TIF districts, development impact fees, and transportation utility fees as the tools as most relevant for CMAP to consider for highway project financing. Multiple case study examples of each are provided in this section.

Special Assessment District, Virginia

Local municipalities in Virginia are authorized to create tax districts to fund transportation improvements in cases where a majority of local property owners agree with the tax.

Projects/Applications

- A transportation improvement district was set up in late 1980's by Fairfax and Loudoun Counties to fund extension of Route 28 (widening two-lane road to six lanes with interchanges at Route 50, Route 7 and the Dulles Toll Road). The district collects 20 cents per $100 valuation for all commercial and industrial properties within the 10,000+ acre district. Bonds funded construction with debt service paid by tax revenues and a back-up guarantee by Commonwealth of Virginia. This 14-mile widening was completed in 1991.
- Phase 2 of the project started in 2002 and involved further widening and construction of 10 grade-separated interchanges. $200 million project was undertaken through a public-private partnership with Clark Construction Group. Project ongoing but nearing completion.

Legislative Background

- 1987: Virginia General Assembly gave localities the authority to create tax districts to finance transportation improvements. These districts can only be formed upon a petition of owners of at least 51 percent of the land area within the proposed district, and can only be applied to land zoned for commercial or industrial use. This type of district has also been applied to rail improvements in the state.

- 1995: General Assembly passed Public-Private Transportation Act, enabling private entities to propose innovative solutions for designing, constructing, operating transportation improvements.

Special Assessment Districts/Community Development Districts, Florida

The State of Florida allows for the creation of special assessment districts for a variety of purposes, including the funding of (or pay back of bonds toward) transportation infrastructure.

Projects/Applications

- The $19-million Becker Road interchange on the Florida Turnpike in Port St. Lucie was funded by a special assessment paid by homeowners in the new 1,400-acre Tesoro master-planned golf-course community adjacent to the interchange.
- A Special Assessment District administered by the City charges residents of the community a $2,400 annual assessment on their property tax bills to pay back the $34-million municipal bond that funded the interchange as well as additional roadway and infrastructure projects. The interchange opened in 2007, and was lobbied for by the developers of the Tesoro community (The Ginn Co.) because it would add value to the property.
- The City of Port St. Lucie, one of the fastest-growing municipalities in the nation over the past decade, made use of numerous special assessment districts to help pay back bonds used to fund roadway and other infrastructure for newly developing areas of the City.

Legislative Background

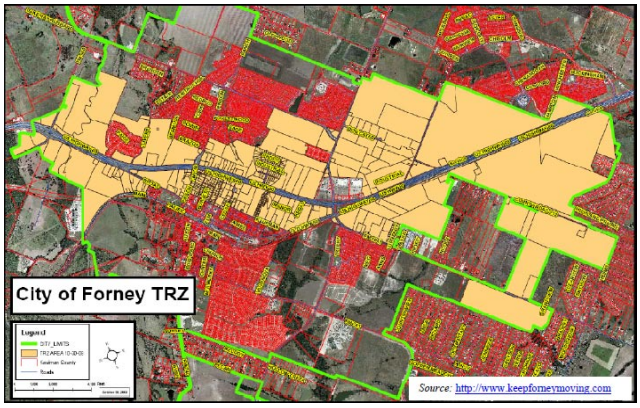
- In addition to special assessment districts, the State of Florida allows for the creation of special-purpose local governments called Community Development Districts under the provisions of Chapter 190 of the Florida Statutes. These special-purpose districts have only certain limited powers and responsibilities, including construction, operation and/or maintenance of certain types of infrastructure, which may include roads and streetlights, water management and drainage control facilities, bridges, culverts, parks and recreational facilities.
- Many of these districts were set up around new developments in order to pay back bonds used to pay for initial infrastructure investments in developing areas, and many of these districts are now in default after development halted during the current market turndown and the developers have gone bankrupt.

Tax-Increment Financing, Texas

Transportation Reinvestment Zones (TRZs) are a TIF-like mechanism that applies to City portion of property taxes. Thus it does not increase taxes, but captures growth in tax receipts that occur due to development or property assessment increases.

Projects/Applications

- The City of El Paso recently created two TRZs that will be used for paying off $70 million of debt taken on to advance the regional Comprehensive Mobility Plan (the district is projected to generate this amount by 2040). These districts encompass nearly 10,000 acres of land surrounding five highway corridors through the region.



- Hidalgo County created a 175,000-acre TRZ to help fund the $700 million Hidalgo Loop highway project, and the large district is situated alongside the proposed expressway that encircles the existing urbanized area within the County.
- The City of Forney, a town within the Dallas-Fort Worth Metropolitan Region, established its 5,000 acre TRZ in 2008 to help fund an interchange at U.S. Highway 80 and FM 470, along with additional U.S. Highway 80 projects. The revenue projection from the TRZ is that it will collect $14 million through 2038.

Legislative Background

- A statute passed in 2007 (Senate Bill 1266) provides Texas cities the authority to create zones for transportation infrastructure investment. Specifically addressed in the bill, Transportation Reinvestment Zones are a relatively new method of funding transportation projects by capturing a part of the property tax revenue from increased property values resulting from the creation of a new road.
- A current legislative agenda looks to extend the creation of TRZs to transit capital projects in addition to highway and roadway investments.

Tax-Increment Financing, Ohio

TIF districts have been used by multiple jurisdictions in the State of Ohio to help fund highway-related construction, most commonly the development of an interchange in a developing area along an interstate.

Projects/Applications

- West Chester Township, located north of Cincinnati along I-75, used TIF to finance the $24-million Union Centre Boulevard interchange in 1990, a project that is credited with spurring the development of this previously rural area. This is one of numerous TIF districts that were set up

in the early 90's to help pay for infrastructure that would in turn pave the way for economic development in the area.

- Nearby Liberty Township, also a growing portion of the region, has also has used TIF extensively to help pay back the funding of interchange and intersection improvements over time. For example, a county TIF surrounding Liberty Way has helped fund interchange and infrastructure around this significant arterial.

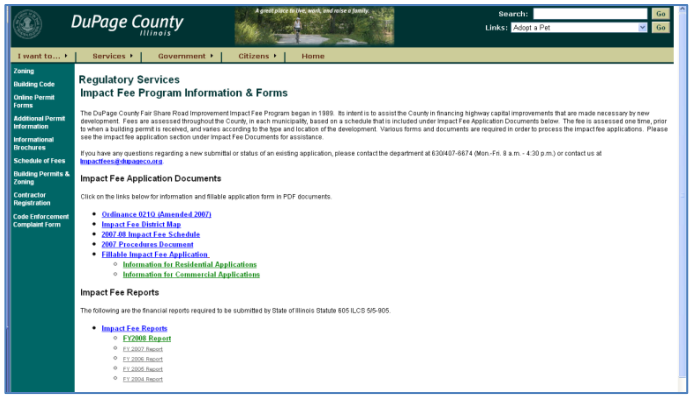
Legislative Background

- The State of Ohio has long allowed for TIF financing of transportation infrastructure such as highway interchanges in developing areas. A change in the law in 1994 allowed school districts to negotiate a share of the funding that goes into a TIF district in order to mitigate the long-term effect of property taxes not keeping pace with demands for school services when moneys are diverted to TIF. Nevertheless, many of the 30-year districts set up prior to this law are now seen as problematic for schools facing budget deficits in fast-growing areas.

Development Impact Fees, Illinois

Roadway impact fees are allowed for counties and home-rule municipalities in the State of Illinois, and can be used to pay for infrastructure needs related to new development.

Projects/Applications



- DuPage County has established nine geographical transportation impact fee service areas and an impact fee schedule for each area to fund capacity enhancements to the County highway system. Fees are assessed based on the traffic generation characteristics of new development, with different rate schedules for residential and commercial development.
- All developers looking to build a new development in DuPage County must fill out an impact fee application, and based on particular information about the development the Division of Transportation calculates the appropriate fee.
- Example fees (effective March 2007) were $312 per $1,000 square feet for single-family detached homes, or $916 for any retail development between $50,000 and $300,000 square feet.

Legislative Background

- In 1989 the State of Illinois passed the Road Improvement Impact Fee Law, which authorizes counties with a population of over 400,000 and all home-rule municipalities to impose impact fees. These impact fees must be used for purposes that are "specifically and uniquely attributable" to new development, which means that they can only be used for new roadways

or additional capacity to existing roadways, and not reconstruction or pavement rehabilitation projects.

- DuPage County originally established their impact fees under a previous enabling legislation in 1988 by passing the DuPage County Fair Share Transportation Impact Fee Ordinance (Dto-016-88). The program has faced legal challenges from developers that forced changes to the calculations and application of the program funds, but the impact fee has largely remained in place since initially implemented.

Development Impact Fees, Washington

Impact fees on new development are used by numerous cities in the State of Washington to fund growth-related transportation improvements in their communities.

Projects/Applications

- The City of Auburn charges transportation impact fees based on the trip generation rates for newly developed uses. For example, a single-family residence is charged a fee of nearly $4,000.
- The City of Camas created a traffic impact fee to help fund transportation improvements for future roadway capacity enhancements. For example, a single-family residence is charged a fee of a little more than $3,000.
- The City of Des Moines applies a transportation impact fee to help pay for a $104 million program of roadway expansion, with impact fees planned as paying for more than half. For example, a single-family residence is charged nearly $7,000.

Legislative Background

- Transportation Impact Fees are allowed under the Washington State Growth Management Act to help fund growth-related capital facility improvements to public streets and roads. Transportation infrastructure is one of many types of public capital facilities that may be paid for with an impact fee.
- Local jurisdictions must be able to demonstrate that the fee schedule for impact fees is related to the demand generated by new development. In addition, the funds may only be used for funding "system" improvements (i.e., off-site infrastructure) that resolve growth-related deficiencies (i.e., not solving existing transportation deficiencies).

Transportation Utility Fees, Oregon

The most widely cited use of Transportation Utility Fees occurs in the State of Oregon, where more than a dozen local communities have enacted such a fee to help fund transportation infrastructure costs.

Projects/Applications

- In Oregon City, the Pavement Maintenance Utility Fee was established in 2008 and is used for rehabilitation and maintenance of City streets. Residents and businesses based on the number of trips generated by each land use, as determined by ITE trip generation rates.
- In Hillsboro, the Transportation Utility Fee went into effect in 2009 and will help the City clear its backlog of street maintenance projects as well as sidewalk and bicycle path improvements. Residents pay a flat fee of approximately $3 per month, while other uses pay based on the type and square footage of the structures.
- In Corvallis, a transportation maintenance fee was put into place in 2005, and generates more than $400,000 per year for pavement maintenance projects. The fees are set so that approximately 75% of the funding is generated by residential property, which reflects the breakdown of property in the community.

Legislative Background

- The State of Oregon has allowed localities to enact transportation utility fees to make up for continued erosion of State gas tax revenues as a local funding source.
- Although these fees have been successfully challenged in other States, the municipalities in Oregon have not had to scale back on their use as of yet.

4. Conclusions

Highway Value-Capture Mechanisms for Illinois and the CMAP Region

The previous phase of work identified TIFs, development impact fees and special assessment districts as the most likely value-capture tools to use to fund transit capital projects within the CMAP region. This analysis concludes that the TIFs and special assessment districts are the key value-capture mechanisms that should be considered for highway capital projects.

- **Tax increment financing:** TIF districts have numerous benefits for use in value-capture, not the least of which is that there is not an inherent increase in taxes associated with its use. TIFs are widely used in Illinois, although perhaps to the point where additional use of them can be politically difficult.
- **Special assessment districts:** Special assessment districts are another tool that can be applied to an impacted area, but may also have the effect of reducing development demand by driving up costs. Special assessment districts benefit from being the most stable source of revenue, and thus can be used more easily to back the selling of bonds.

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APPENDIX 2: RED LINE EXTENSION VC AREA EXISTING TIF AND SSA DISTRICT DELINQUENCY DATA BY LAND USE

2009 Tax Delinquency Rate by Use and District

General Class	Land Use	Roseland/ Michigan	Lake Calumet	119th/ Halsted	SSA 40	SSA 41	SSA 45	SSA 46
1	Vacant Land	38.6%	29.8%	47.2%	33.8%	42.8%	56.8%	39.1%
2R	SFH	24.5%	22.9%	25.2%	19.1%	28.5%	13.5%	27.3%
2C	Duplexes, Condos, Townhomes	66.0%						
3	Rental larger than 9 units	15.5%		83.6%	95.7%	1.4%	0.0%	83.6%
4	Non-profit					0.0%	0.0%	
5A	Commercial	16.1%	18.1%	14.9%	19.1%	29.2%	9.7%	12.4%
5B	Industrial	0.0%	9.7%	5.9%	20.8%	0.0%	11.5%	4.3%
6	Industrial Incentive		0.0%					0.0%
7	Commercial Incentive				0.0%			
9	Affordable Housing	0.0%				0.0%		
Overall District Delinquency Rate		**18.1%**	**10.6%**	**19.3%**	**24.2%**	**27.7%**	**10.7%**	**14.4%**

2009 Land Use % of District Total Delinquent Taxes

General Class	Land Use	Roseland/ Michigan	Lake Calumet	119th/ Halsted	SSA 40	SSA 41	SSA 45	SSA 46
1	Vacant Land	10.1%	23.4%	12.0%	2.6%	6.5%	13.9%	15.7%
2R	SFH	26.3%	0.3%	23.8%	8.6%	5.0%	3.2%	17.6%
2C	Duplexes, Condos, Townhomes	1.1%						
3	Rental larger than 9 units	2.5%		8.6%	29.7%	0.2%	0.0%	5.7%
4	Non-profit					0.0%	0.0%	
5A	Commercial	60.0%	16.7%	54.1%	58.6%	88.3%	82.5%	55.9%
5B	Industrial	0.0%	59.6%	1.4%	0.5%	0.0%	0.5%	5.0%
6	Industrial Incentive		0.1%					0.0%
7	Commercial Incentive				0.0%			
9	Affordable Housing	0.0%				0.0%		
Total Check		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Sources: Cook County Clerk and *SB Friedman*

Note: A Cook County Clerk indication of tax delinquency indicates that taxes were unpaid or paid late in a given year. The delinquency indicator does not reflect payments that have been made since the official tax payment deadline and, therefore, overall tax delinquency in these districts will decrease as late payments are received.

APPENDIX 3: CITY OF CHICAGO SSA TAX RATES

Special Service Area Number	2009 Tax Rate	2008 Tax Rate
Special Service Area #1	0.385%	0.352%
Special Service Area #2	1.397%	1.240%
Special Service Area #3	1.095%	0.862%
Special Service Area #4	0.809%	0.810%
Special Service Area #5	3.000%	3.000%
Special Service Area #6		
Special Service Area #7		
Special Service Area #8	0.272%	0.255%
Special Service Area #9		
Special Service Area #10	1.869%	1.867%
Special Service Area #11		
Special Service Area #12		
Special Service Area #13	0.922%	0.829%
Special Service Area #14	0.315%	0.291%
Special Service Area #15		
Special Service Area #16	1.000%	1.000%
Special Service Area #17	0.147%	0.156%
Special Service Area #18	0.337%	0.407%
Special Service Area #19	0.714%	0.833%
Special Service Area #20	0.407%	0.384%
Special Service Area #21	0.230%	0.250%
Special Service Area #22	0.443%	0.458%
Special Service Area #23	0.274%	0.238%
Special Service Area #24	0.544%	0.600%
Special Service Area #25	0.346%	0.321%
Special Service Area #26	0.358%	0.372%
Special Service Area #27	0.131%	0.154%
Special Service Area #28	0.461%	0.454%
Special Service Area #29	0.254%	0.272%
Special Service Area #31	0.221%	0.220%
Special Service Area #32	1.066%	1.082%
Special Service Area #33	0.148%	0.141%
Special Service Area #34	0.215%	0.231%
Special Service Area #35	0.204%	0.223%
Special Service Area #37		
Special Service Area #38	0.151%	0.161%
Special Service Area #39	0.971%	1.112%
Special Service Area #40	1.287%	0.771%
Special Service Area #41	1.197%	0.740%

Special Service Area Number	2009 Tax Rate	2008 Tax Rate
Special Service Area #42	1.281%	1.094%
Special Service Area #43	0.387%	0.384%
Special Service Area #44	0.540%	0.586%
Special Service Area #45	1.205%	
Special Service Area #46	1.982%	
Special Service Area #47	1.016%	1.024%
Special Service Area #48	0.215%	

Source: Cook County Clerk

APPENDIX 4: RED LINE EXTENSION VALUE CAPTURE ANALYSIS TIF AND SSA PROJECTIONS

Appendix 4: Red Line Extension Value Capture Analysis 7/13/2011

TIF and SSA-Like Districts Revenue Analysis - Conservative Inflation

Transit Value Capture District (TVCD) Year [1]	Calendar Year	TOD Area Triennial Inflation [2]	Transit Value Capture District EAV [3]		Special Service Area-Like TVCD Analysis				Tax Increment Finance-Like TVCD Analysis [6]	
					1.45% Tax Rate [4]		Value Generation for 40% of Station Costs [5][9]	Value Generation for 40% of New Starts Costs [5][10]		
			Quarter Mile	Half Mile	Quarter Mile	Half Mile			Quarter Mile	Half Mile
0	2009	10.87%	$ 61,549,747	$ 250,725,258						
0	2010	0.00%	$ 61,549,747	$ 250,725,258						
0	2011	0.00%	$ 61,549,747	$ 250,725,258						
0	2012	6.12%	$ 65,317,084	$ 266,071,650						
0	2013	0.00%	$ 65,317,084	$ 266,071,650						
1	2014	0.00%	$ 65,317,084	$ 266,071,650					$ -	$ -
2	2015	6.12%	$ 69,315,012	$ 282,357,363	$ 852,388	$ 3,472,235	$ 7,767,699	$ 31,733,570	$ 158,161	$ 644,277
3	2016	0.00%	$ 69,315,012	$ 282,357,363	$ 904,561	$ 3,684,764	$ 8,243,145	$ 33,675,919	$ 158,161	$ 644,277
4	2017	0.00%	$ 69,315,012	$ 282,357,363	$ 904,561	$ 3,684,764	$ 8,243,145	$ 33,675,919	$ 158,161	$ 644,277
5	2018	6.12%	$ 73,557,645	$ 299,639,893	$ 904,561	$ 3,684,764	$ 8,243,145	$ 33,675,919	$ 326,004	$ 1,327,988
6	2019	0.00%	$ 73,557,645	$ 299,639,893	$ 959,927	$ 3,910,301	$ 8,747,691	$ 35,737,154	$ 326,004	$ 1,327,988
7	2020	0.00%	$ 73,557,645	$ 299,639,893	$ 959,927	$ 3,910,301	$ 8,747,691	$ 35,737,154	$ 326,004	$ 1,327,988
8	2021	6.12%	$ 78,059,961	$ 317,980,252	$ 959,927	$ 3,910,301	$ 8,747,691	$ 35,737,154	$ 504,119	$ 2,053,548
9	2022	0.00%	$ 78,059,961	$ 317,980,252	$ 1,018,682	$ 4,149,642	$ 9,283,120	$ 37,924,554	$ 504,119	$ 2,053,548
10	2023	0.00%	$ 78,059,961	$ 317,980,252	$ 1,018,682	$ 4,149,642	$ 9,283,120	$ 37,924,554	$ 504,119	$ 2,053,548
11	2024	6.12%	$ 82,837,855	$ 337,443,187	$ 1,018,682	$ 4,149,642	$ 9,283,120	$ 37,924,554	$ 693,137	$ 2,823,519
12	2025	0.00%	$ 82,837,855	$ 337,443,187	$ 1,081,034	$ 4,403,634	$ 9,851,321	$ 40,245,840	$ 693,137	$ 2,823,519
13	2026	0.00%	$ 82,837,855	$ 337,443,187	$ 1,081,034	$ 4,403,634	$ 9,851,321	$ 40,245,840	$ 693,137	$ 2,823,519
14	2027	6.12%	$ 87,908,195	$ 358,097,409	$ 1,081,034	$ 4,403,634	$ 9,851,321	$ 40,245,840	$ 893,724	$ 3,640,617
15	2028	0.00%	$ 87,908,195	$ 358,097,409	$ 1,147,202	$ 4,673,171	$ 10,454,301	$ 42,709,208	$ 893,724	$ 3,640,617
16	2029	0.00%	$ 87,908,195	$ 358,097,409	$ 1,147,202	$ 4,673,171	$ 10,454,301	$ 42,709,208	$ 893,724	$ 3,640,617
17	2030	6.12%	$ 93,288,880	$ 380,015,836	$ 1,147,202	$ 4,673,171	$ 10,454,301	$ 42,709,208	$ 1,106,588	$ 4,507,729
18	2031	0.00%	$ 93,288,880	$ 380,015,836	$ 1,217,420	$ 4,959,207	$ 11,094,188	$ 45,323,353	$ 1,106,588	$ 4,507,729
19	2032	0.00%	$ 93,288,880	$ 380,015,836	$ 1,217,420	$ 4,959,207	$ 11,094,188	$ 45,323,353	$ 1,106,588	$ 4,507,729
20	2033	6.12%	$ 98,998,905	$ 403,275,845	$ 1,217,420	$ 4,959,207	$ 11,094,188	$ 45,323,353	$ 1,332,481	$ 5,427,915
21	2034	0.00%	$ 98,998,905	$ 403,275,845	$ 1,291,936	$ 5,262,750	$ 11,773,241	$ 48,097,504	$ 1,332,481	$ 5,427,915
22	2035	0.00%								
		Undiscounted Total			$ 21,130,803	$ 86,077,139	$ 192,562,235	$ 786,679,157	$ 13,710,160	$ 55,848,863
		2009 NPV @ 5% [7]			$ 12,749,811	$ 51,936,846	$ 116,187,356	$ 474,663,016	$ 6,926,774	$ 28,216,478
		Less Debt Coverage and Cap I [8]			1.35	1.35	1.35	1.35	1.35	1.35
		Bondable Amount			**$ 9,440,000**	**$ 38,470,000**	**$ 86,060,000**	**$ 351,600,000**	**$ 5,130,000**	**$ 20,900,000**
					Resulting Quarter Mile Tax Rate [9]		**13.2%**	**54.0%**		
					Resulting Half Mile Tax Rate [9]		**3.2%**	**13.3%**		

Sources: Cook County Clerk, Cook County Assessor, City of Chicago, Chicago Transit Authority and *SB Friedman*

[1] This analysis assumes that bonds are issued in 2013, construction begins in 2014, and any bonds issued incorporate the maximum 2 years of capitalized interest so that payments from actual TVCD revenues are not due until 2016.

[2] The "conservative" scenario incorporates a 2.0% annual interest rate, calculated triennially from the most recent reassessment year (2009) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation, with minimal redevelopment.

[3] 2009 EAVs are actual district EAVs compiled from the district PIN assessment data as provided by the Cook County Clerk. These EAVs are inflated triennially from 2010 forward as noted in [2].

[4] 1.45% is the weighted average tax rate for the four nearby SSAs - Michigan & Roseland, 103rd & Roseland, 103rd & Halsted, and 119th & Halsted. A ten percent tax delinquency rate has been assumed based on current area trends.

[5] Value generation has been tested to meet the total required bondable amounts noted in [9] and [10]. It is assumed that the bond repayment schedule will be adjusted to account for lesser revenues in early years.

[6] This analysis assumes that 2013 is the base EAV year for each district. It also assumes a constant property tax rate of 4.627%, a 10% tax delinquency rate and a 5% City Administration fee.

[7] The 5% interest rate assumes a credit-enhancement of district specific bonding in the form of GO or other revenue source.

[8] 1.35 incorporates industry standard debt coverage ratios and an allowance for two years of capitalized interest.

[9] Station costs were calculated from the cost data provided in "CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report." Overhead, professional services, and general conditions costs were proportionately assigned based on station capital costs and total New Starts eligible costs. The total cost for the new stations was approximately $215 MM. The 40% local contribution was approximately $86 MM.

[10] New Starts eligible costs were found in "CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report." The total New Starts-eligible costs were approximately $879 MM. The 40% local match was approximately $352 MM.

Appendix 4: Red Line Extension Value Capture Analysis 7/13/2011

TIF and SSA-Like Districts Revenue Analysis - Optimistic Inflation

Transit Value Capture District (TVCD) Year [1]	Calendar Year	TOD Area Triennial Inflation [2]	Transit Value Capture District EAV [3]		Special Service Area-Like TVCD Analysis				Tax Increment Finance-Like TVCD Analysis [6]	
					1.45% Tax Rate [4]		Value Generation for 40% of Station Costs [5][9]	Value Generation for 40% of New Starts Costs [5][10]		
			Quarter Mile	Half Mile	Quarter Mile	Half Mile			Quarter Mile	Half Mile
0	2009	10.87%	$ 61,549,747	$ 250,725,258						
0	2010	0.00%	$ 61,549,747	$ 250,725,258						
0	2011	0.00%	$ 61,549,747	$ 250,725,258						
0	2012	10.87%	$ 68,241,304	$ 277,983,576						
0	2013	0.00%	$ 68,241,304	$ 277,983,576						
1	2014	0.00%	$ 68,241,304	$ 277,983,576						
2	2015	10.87%	$ 75,660,354	$ 308,205,359	$ 890,549	$ 3,627,686	$ 6,731,541	$ 27,502,318	$ 293,504	$ 1,195,599
3	2016	0.00%	$ 75,660,354	$ 308,205,359	$ 987,368	$ 4,022,080	$ 7,463,380	$ 30,492,312	$ 293,504	$ 1,195,599
4	2017	0.00%	$ 75,660,354	$ 308,205,359	$ 987,368	$ 4,022,080	$ 7,463,380	$ 30,492,312	$ 293,504	$ 1,195,599
5	2018	10.87%	$ 83,885,987	$ 341,712,791	$ 987,368	$ 4,022,080	$ 7,463,380	$ 30,492,312	$ 618,917	$ 2,521,182
6	2019	0.00%	$ 83,885,987	$ 341,712,791	$ 1,094,712	$ 4,459,352	$ 8,274,783	$ 33,807,371	$ 618,917	$ 2,521,182
7	2020	0.00%	$ 83,885,987	$ 341,712,791	$ 1,094,712	$ 4,459,352	$ 8,274,783	$ 33,807,371	$ 618,917	$ 2,521,182
8	2021	10.87%	$ 93,005,893	$ 378,863,079	$ 1,094,712	$ 4,459,352	$ 8,274,783	$ 33,807,371	$ 979,708	$ 3,990,879
9	2022	0.00%	$ 93,005,893	$ 378,863,079	$ 1,213,727	$ 4,944,163	$ 9,174,400	$ 37,482,837	$ 979,708	$ 3,990,879
10	2023	0.00%	$ 93,005,893	$ 378,863,079	$ 1,213,727	$ 4,944,163	$ 9,174,400	$ 37,482,837	$ 979,708	$ 3,990,879
11	2024	10.87%	$ 103,117,296	$ 420,052,268	$ 1,213,727	$ 4,944,163	$ 9,174,400	$ 37,482,837	$ 1,379,724	$ 5,620,358
12	2025	0.00%	$ 103,117,296	$ 420,052,268	$ 1,345,681	$ 5,481,682	$ 10,171,821	$ 41,557,891	$ 1,379,724	$ 5,620,358
13	2026	0.00%	$ 103,117,296	$ 420,052,268	$ 1,345,681	$ 5,481,682	$ 10,171,821	$ 41,557,891	$ 1,379,724	$ 5,620,358
14	2027	10.87%	$ 114,327,989	$ 465,719,458	$ 1,345,681	$ 5,481,682	$ 10,171,821	$ 41,557,891	$ 1,823,228	$ 7,426,991
15	2028	0.00%	$ 114,327,989	$ 465,719,458	$ 1,491,980	$ 6,077,639	$ 11,277,680	$ 46,075,977	$ 1,823,228	$ 7,426,991
16	2029	0.00%	$ 114,327,989	$ 465,719,458	$ 1,491,980	$ 6,077,639	$ 11,277,680	$ 46,075,977	$ 1,823,228	$ 7,426,991
17	2030	10.87%	$ 126,757,486	$ 516,351,488	$ 1,491,980	$ 6,077,639	$ 11,277,680	$ 46,075,977	$ 2,314,950	$ 9,430,037
18	2031	0.00%	$ 126,757,486	$ 516,351,488	$ 1,654,185	$ 6,738,387	$ 12,503,765	$ 51,085,259	$ 2,314,950	$ 9,430,037
19	2032	0.00%	$ 126,757,486	$ 516,351,488	$ 1,654,185	$ 6,738,387	$ 12,503,765	$ 51,085,259	$ 2,314,950	$ 9,430,037
20	2033	10.87%	$ 140,538,290	$ 572,488,125	$ 1,654,185	$ 6,738,387	$ 12,503,765	$ 51,085,259	$ 2,860,130	$ 11,650,850
21	2034	0.00%	$ 140,538,290	$ 572,488,125	$ 1,834,025	$ 7,470,970	$ 13,863,148	$ 56,639,140	$ 2,860,130	$ 11,650,850
22	2035	0.00%								
		Undiscounted Total			$ 26,087,532	$ 106,268,565	$ 197,192,175	$ 805,646,401	$ 27,950,354	$ 113,856,841
		2009 NPV @ 5% [7]			$ 15,369,946	$ 62,610,064	$ 116,179,367	$ 474,661,275	$ 14,675,133	$ 59,779,717
		Less Debt Coverage and Cap I [8]			1.35	1.35	1.35	1.35	1.35	1.35
		Bondable Amount			**$ 11,390,000**	**$ 46,380,000**	**$ 86,060,000**	**$ 351,600,000**	**$ 10,870,000**	**$ 44,280,000**
		Resulting Quarter Mile Tax Rate [9]					**11.0%**	**44.8%**		
		Resulting Half Mile Tax Rate [9]					**2.7%**	**11.0%**		

Sources: Cook County Clerk, Cook County Assessor, City of Chicago, Chicago Transit Authority and *SB Friedman*

[1] This analysis assumes that bonds are issued in 2013, construction begins in 2014, and any bonds issued incorporate the maximum 2 years of capitalized interest so that payments from actual TVCD revenues are not due until 2016.

[2] The "optimistic" scenario incorporates a 3.5% annual interest rate, calculated triennially from the most recent reassessment year (2009) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation, and assumes that infill and some major redevelopments will occur within the new station areas.

[3] 2009 EAVs are actual district EAVs compiled from the district PIN assessment data as provided by the Cook County Clerk. These EAVs are inflated triennially from 2010 forward as noted in [2].

[4] 1.45% is the weighted average tax rate for the four nearby SSAs - Michigan & Roseland, 103rd & Roseland, 103rd & Halsted, and 119th & Halsted. A ten percent tax delinquency rate has been assumed based on current area trends.

[5] Value generation has been tested to meet the total required bondable amounts noted in [9] and [10]. It is assumed that the bond repayment schedule will be adjusted to account for lesser revenues in early years.

[6] This analysis assumes that 2013 is the base EAV year for each district. It also assumes a constant property tax rate of 4.627%, a 10% tax delinquency rate and a 5% City Administration fee.

[7] The 5% interest rate assumes a credit-enhancement of district specific bonding in the form of GO or other revenue source.

[8] 1.35 incorporates industry standard debt coverage ratios and an allowance for two years of capitalized interest.

[9] Station costs were calculated from the cost data provided in "CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report." Overhead, professional services, and general conditions costs were proportionately assigned based on station capital costs and total New Starts eligible costs. The total cost for the new stations was approximately $215 MM. The 40% local contribution was approximately $86 MM.

[10] New Starts eligible costs were found in "CTA Red Line Extension Alternatives Analysis: Locally Preferred Alternative Report." The total New Starts-eligible costs were approximately $879 MM. The 40% local match was approximately $352 MM.

APPENDIX 5: RED LINE EXTENSION ANALYSIS OF THE ECONOMIC IMPACTS OF VALUE CAPTURE - PROPERTY TAX COMPARABLES

Appendix 5: Red Line Extension Value Capture Analysis
Property Tax Comparables

Grocery

Name	Address	PIN	Age	Building SF	AV 09 Full [1]	EAV Full	EAV/SF Full
Grocery							
Aldi	821 W 115th St	25-20-404-120-0000	2	17,000	$ 806,352	$ 2,717,487	$ 159.85
Aldi	1246 East 87th Street	20-35-319-048-0000	10	17,000	$ 385,804	$ 1,300,196	$ 76.48
Aldi	9001 South Halsted St	25-04-124-076-0000	13	17,500	$ 469,779	$ 1,583,203	$ 90.47
Aldi	2333 E 95th St	25-12-216-004-0000	13	19,000	$ 353,274	$ 1,190,567	$ 124.31
		25-12-216-006-0000			$ 347,561	$ 1,171,315	
						Weighted Average	**$ 98.04**
						Average	**$ 97.09**
Pharmacy							
Walgreens	115th & Halsted	25-20-404-107-0000	4	15,000	$ 540,543	$ 1,821,682	$ 121.45
CVS	745 West 103rd Street	25-16-100-056-0000	1	11,000	$ 255,279	$ 860,317	$ 78.21
Walgreens	1930 w 103rd St	25-07-412-049-0000	10	12,000	$ 345,316	$ 1,163,748	$ 96.98
						Weighted Average	**$ 101.20**
						Average	**$ 98.88**
Inline Retail							
Gamestop, Subway, etc. (Ex	Ashland & 69th St	20-19-423-003-0000	4	33,000	1,155,194	3,893,119	**$ 118.0**

[1] Reflects adjustments to convert partial assessments to full assessments
Source: Cook County Assessor and SB Friedman & Company

APPENDIX 6: RED LINE EXTENSION ANALYSIS OF THE ECONOMIC IMPACTS OF VALUE CAPTURE – ROSELAND PLAZA TIF PROJECTIONS

Appendix 6: Red Line Extension Value Capture Analysis

7/13/2011

Roseland Plaza TIF Projections - Roseland Plaza Site Only

TIF Year [1]	Calendar Year	Inflation Factor	Triennial Reassessment [2]	Frozen Base EAV [3]	Current EAV Inflated	Annual EAV Additions [4]	Cumulative EAV Additions [4]	Annual EAV Deductions [4]	Cumulative EAV Deductions [4]	Total Taxable EAV	Incremental EAV	Property Tax Rate [5]	Gross Incremental Revenue	Less: Collections Loss @ 5% [6]	Less: Admin Fee @ 10% [6]	Net Incremental Revenue
6	2009	1	-	$ -	$ 155,778		$ -		$ -	$ 155,778	$ 155,778	5.923%				
7	2010	1.02	0.00%	$ -	$ 155,778	$ -	$ -		$ -	$ 155,778	$ 155,778	5.923%				
8	2011	1.04	0.00%	$ -	$ 155,778	$ 567,476	$ 567,476	$ (155,778)	$ (155,778)	$ 567,476	$ 567,476	5.923%	$ 9,227	$ (461)	$ (877)	$ 7,889
9	2012	1.06	6.12%	$ -	$ 165,313	$ 4,015,486	$ 4,617,696	$ -	$ (165,313)	$ 4,617,696	$ 4,617,696	5.923%	$ 33,612	$ (1,681)	$ (3,193)	$ 28,738
10	2013	1.08	0.00%	$ -	$ 165,313	$ 2,718,190	$ 7,335,886	$ -	$ (165,313)	$ 7,335,886	$ 7,335,886	5.923%	$ 273,506	$ (13,675)	$ (25,983)	$ 233,848
11	2014	1.10	0.00%	$ -	$ 165,313	$ -	$ 7,335,886	$ -	$ (165,313)	$ 7,335,886	$ 7,335,886	5.923%	$ 434,505	$ (21,725)	$ (41,278)	$ 371,501
12	2015	1.13	6.12%	$ -	$ 175,431	$ -	$ 7,784,901	$ -	$ (175,431)	$ 7,784,901	$ 7,784,901	5.923%	$ 434,505	$ (21,725)	$ (41,278)	$ 371,501
13	2016	1.15	0.00%	$ -	$ 175,431	$ -	$ 7,784,901	$ -	$ (175,431)	$ 7,784,901	$ 7,784,901	5.923%	$ 461,100	$ (23,055)	$ (43,804)	$ 394,240
14	2017	1.17	0.00%	$ -	$ 175,431	$ -	$ 7,784,901	$ -	$ (175,431)	$ 7,784,901	$ 7,784,901	5.923%	$ 461,100	$ (23,055)	$ (43,804)	$ 394,240
15	2018	1.20	6.12%	$ -	$ 186,169	$ -	$ 8,261,399	$ -	$ (186,169)	$ 8,261,399	$ 8,261,399	5.923%	$ 461,100	$ (23,055)	$ (43,804)	$ 394,240
16	2019	1.22	0.00%	$ -	$ 186,169	$ -	$ 8,261,399	$ -	$ (186,169)	$ 8,261,399	$ 8,261,399	5.923%	$ 489,323	$ (24,466)	$ (46,486)	$ 418,371
17	2020	1.24	0.00%	$ -	$ 186,169	$ -	$ 8,261,399	$ -	$ (186,169)	$ 8,261,399	$ 8,261,399	5.923%	$ 489,323	$ (24,466)	$ (46,486)	$ 418,371
18	2021	1.27	6.12%	$ -	$ 197,564	$ -	$ 8,767,063	$ -	$ (197,564)	$ 8,767,063	$ 8,767,063	5.923%	$ 489,323	$ (24,466)	$ (46,486)	$ 418,371
19	2022	1.29	0.00%	$ -	$ 197,564	$ -	$ 8,767,063	$ -	$ (197,564)	$ 8,767,063	$ 8,767,063	5.923%	$ 519,273	$ (25,964)	$ (49,331)	$ 443,979
20	2023	1.32	0.00%	$ -	$ 197,564	$ -	$ 8,767,063	$ -	$ (197,564)	$ 8,767,063	$ 8,767,063	5.923%	$ 519,273	$ (25,964)	$ (49,331)	$ 443,979
21	2024	1.35	6.12%	$ -	$ 209,657	$ -	$ 9,303,678	$ -	$ (209,657)	$ 9,303,678	$ 9,303,678	5.923%	$ 519,273	$ (25,964)	$ (49,331)	$ 443,979
22	2025	1.37	0.00%	$ -	$ 209,657	$ -	$ 9,303,678	$ -	$ (209,657)	$ 9,303,678	$ 9,303,678	5.923%	$ 551,057	$ (27,553)	$ (52,350)	$ 471,154
23	2026	1.40	0.00%	$ -	$ 209,657	$ -	$ 9,303,678	$ -	$ (209,657)	$ 9,303,678	$ 9,303,678	5.923%	$ 551,057	$ (27,553)	$ (52,350)	$ 471,154
24	2027	Collections for TIF Year 23											$ 551,057	$ (27,553)	$ (52,350)	$ 471,154

Total Undiscounted Revenue 2012-2027		**$ 6,188,818**
Present Value of Revenue (2011 dollars) @	**7.50%**	**$ 3,276,413**
Debt Coverage		1.3
Proceeds Available for Project		**$ 2,520,318**

Sources: Cook County Clerk, Cook County Assessor, City of Chicago, and *SB Friedman*

[1] The Roseland/Michigan Tax Increment Redevelopment Project Area was established in 2002 and expires in 2026.

[2] Projections incorporate a 2% annual interest rate, calculated triennially from the most recent assessment year (2009) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation.

Property value change resulting from redevelopment of the project site is accounted for separately in the EAV Additions and Deductions columns.

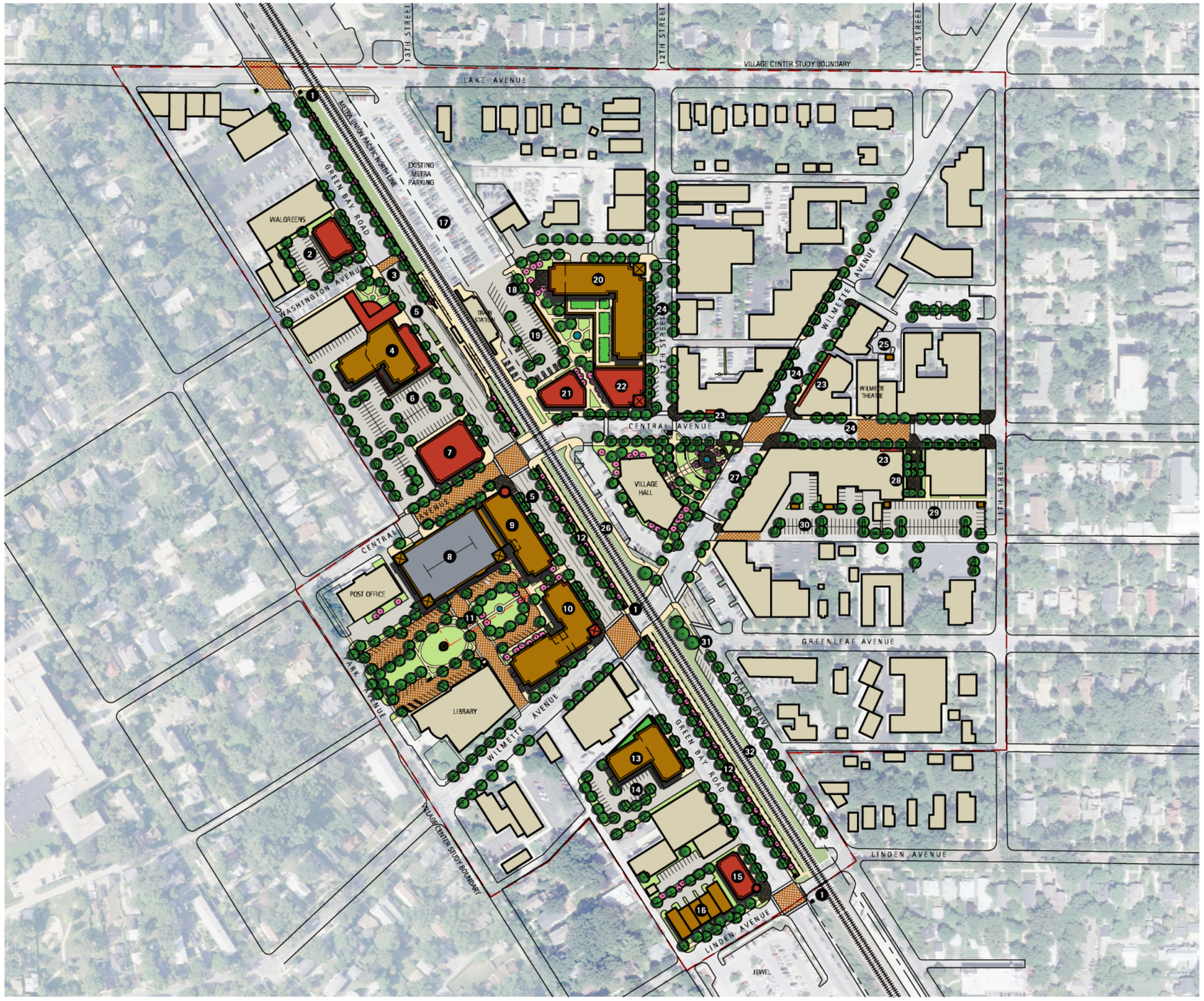
[3] 2002 Base EAV of Roseland Plaza site parcels.

[4] Per Roseland Plaza development program, with construction assumed to begin in late 2011 and continue through 2013.

[5] Based on 2009 property tax rate, held constant over time.

[6] Per City of Chicago TIF application guidelines

APPENDIX 7: DOWNTOWN WILMETTE MASTER PLAN



WILMETTE VILLAGE CENTER MASTER PLAN
PLAN DATA

THESE CONCEPTS AND IDEAS INDICATE CONCEPTUAL DEVELOPMENT DENSITIES, SITE PLANS, LANDSCAPE/STREETSCAPE DESIGN AND PARKING LAYOUTS. ACTUAL BUILDING LOCATIONS, HEIGHTS, AND DENSITIES AS WELL AS SITE DESIGNS WILL VARY AS PROPERTY OWNERS, BUSINESSES AND DEVELOPERS GENERATE MORE SPECIFIC SITE PLANS.

WEST GREEN BAY ROAD

1 VILLAGE CENTER DISTRICT GATEWAY
- New district gateway element

2 1-STORY RETAIL
5,500 sf retail
27 parking spaces

3 CORNER PLAZA
Outdoor seating opportunities

4 5-STORY ADAPTIVE REUSE
Maintain existing building facade
1st floor: Existing car dealer to remain
or new15,000 sf retail
14 shared parking spaces
2nd-5th floor: 52 residential units
Below grade parking: 65 spaces

5 GREEN BAY STREETSCAPE IMPROVEMENTS
- New mid-block crossing at train station with raised median/pedestrian refuge
- Improved crosswalks and paving at key intersections

6 SHARED SURFACE PARKING
120 spaces

7 2-STORY RETAIL/OFFICE
1st floor: 14,000 sf retail
2nd floor: 14,000 sf office

8 3-STORY PARKING DECK (425 SPACES)
Underground level: 140 spaces
4 levels: 285 spaces (75 spaces per level)
Total spaces: 425 spaces
Retail: 84 spaces
Post Office: 43 spaces
Library: 75 spaces
Metra: 173 spaces
Additional: 50 spaces

9 5-STORY MIXED-USE
1st floor: 15,000 sf retail
2nd-5th floor: 50 residential units
63 below grade parking spaces

10 5-STORY MIXED-USE
1st floor: 10,500 sf retail
20 indoor parking spaces
2nd-5th floor: 75 residential units
94 below grade parking spaces

11 COMMON GREEN SPACE
- Potential Bandshell/Pavilion
- Event Space
- Diagonal parking: 70 spaces
Library: 52 dedicated spaces
Retail: 18 spaces

12 GREEN BAY STREETSCAPE IMPROVEMENTS
- 10-foot wide sidewalk on east side of street
- Decorative walls, fencing and landscaping
- 10-foot wide sidewalk along tracks

13 4-STORY MIXED-USE
1st floor: 10,000 sf retail
2nd-4th floors: 46 residential units
58 below grade parking spaces

14 SURFACE PARKING
28 spaces

15 2-STORY RETAIL/OFFICE
1st floor: 6,000 sf retail
2nd floor: 6,000 sf office

16 ROWHOMES
5 Units
2 Spaces per unit

EAST GREEN BAY ROAD

17 EXISTING METRA PARKING
209 parking spaces

18 GREEN BAY TRAIL
- Maintain Green Bay trail through to Central Avenue

19 RECONFIGURED SURFACE PARKING
41 parking spaces + 10 ADA spaces
(net loss of Metra parking: 44 spaces)

20 5-STORY MIXED-USE
1st floor: 5,000 sf retail,
Indoor parking: 95 spaces
2nd-5th floor: 100 residential units
Below grade parking: 160 spaces

21 1-STORY RETAIL
7,000 sf

22 2-STORY RETAIL/OFFICE
1st floor: 9,000 sf retail
2nd floor: 9,000 sf office

23 FACADE IMPROVEMENTS
- Facade is modified from original building facade
- Facade improvements are recommended

24 VILLAGE CENTER STREETSCAPE IMPROVEMENTS
- Raised planters/tree grates with landscaping
- New streetscape elements including pedestrian lighting, traffic signals, planters, benches, trash receptacles
- New decorative paving and improved crosswalks
- New signage elements

25 ALLEY IMPROVEMENTS
- Consolidate trash
- Provide trash enclosures

26 IMPROVEMENTS ALONG METRA TRACKS
- New landscaping including ornamental grasses and perennials

27 VILLAGE GREEN IMPROVEMENTS
- New memorial wall
- Benches
- Seat walls
- Water feature
- Potential seasonal kiosks
- Improved landscaping
- New perimeter streetscapes

28 NEW EXPANDED POCKET PARK
- New site furniture including pedestrian lighting, planters, benches, trash receptacles
- New decorative paving and public art location

29 REORGANIZED PUBLIC PARKING LOT
- 66 parking spaces
- Consolidated trash enclosures

30 REORGANIZED PARKING LOT
- 62 parking spaces (net loss of 10 spaces)
- Consolidated trash enclosures

31 NEW STREET PARKING
- Reconfigure Poplar Drive lanes
- 4 additional Village parking spaces along Poplar
- 7 additional parking spaces along Metra tracks
- 3 additional Metra parking spaces on Poplar

32 IMPROVEMENTS ALONG METRA TRACKS
- New landscaping including ornamental grasses and perennials
- Potential to bury overhead lines and add new street trees along Poplar Drive

Village of Wilmette, Illinois

Village Center Master Plan

Figure 5.1: Master Plan

LAKOTA THE LAKOTA GROUP INC
GEWALT HAMILTON ASSOCIATES, INC.
duncan associates
GOODMAN WILLIAMS GROUP REAL ESTATE RESEARCH

0' 125' 250'

APPENDIX 8: WILMETTE AREA SSA TAX RATES

Taxing District	2009 Tax Rate	2008 Tax Rate	Township
Special Service Area #22 - Village of Glenview	0.117%	0.129%	New Trier
Special Service Area #04-1 - Village of Northfield	0.592%	0.676%	New Trier
Special Service Area #1 - Village of Wilmette	---	---	New Trier
Special Service Area #2 - Village of Wilmette	---	---	New Trier
Special Service Area #1 - Village of Winnetka	---	---	New Trier
Special Service Area #2 - Village of Winnetka	---	---	New Trier
SD #35 Bond/Part Assumed by SD #36 Per Annex	---	0.002%	New Trier
Special Service Area #1 - Village of Morton Grove	---	---	Niles
Special Service Area #2008-1 - Village of Niles	0.602%	0.739%	Niles
Special Service Area #1 - Village of Skokie	---	0.297%	Niles
Special Service Area #2 - Village of Skokie	0.228%	0.256%	Niles
Special Service Area #3 - Village of Skokie	0.534%	0.521%	Niles
Special Service Area #4 - Village of Skokie	0.450%	0.330%	Niles
Special Service Area #5 - Village of Skokie	0.308%	0.332%	Niles
Special Service Area #6 - Village of Skokie	0.697%	0.825%	Niles
Special Service Area #7 - Village of Skokie	---	---	Niles
Special Service Area #8 - Village of Skokie	0.482%	0.494%	Niles
Special Service Area #9 - Village of Skokie	0.496%	0.164%	Niles
Special Service Area #1 - Village of Glenview	---	---	Northfield
Special Service Area #2 - Village of Glenview	---	---	Northfield
Special Service Area #3 - Village of Glenview	---	---	Northfield
Special Service Area #4 - Village of Glenview	---	---	Northfield
Special Service Area #5 - Village of Glenview	---	---	Northfield
Special Service Area #6 - Village of Glenview	---	---	Northfield
Special Service Area #9 - Village of Glenview	0.093%	0.200%	Northfield
Special Service Area #10 - Village of Glenview	0.100%	0.209%	Northfield
Special Service Area #11 - Village of Glenview	---	0.175%	Northfield
Special Service Area #12 - Village of Glenview	---	0.159%	Northfield
Special Service Area #16 - Village of Glenview	---	---	Northfield
Special Service Area #17 - Village of Glenview	0.177%	0.192%	Northfield
Special Service Area #18 - Village of Glenview	0.221%	0.242%	Northfield
Special Service Area #24 - Village of Glenview	---	---	Northfield
Special Service Area #27 - Village of Glenview	---	---	Northfield
Special Service Area #31 - Village of Glenview	---	---	Northfield
Special Service Area #32 - Village of Glenview	0.073%	0.068%	Northfield
Special Service Area #33 - Village of Glenview	0.287%	0.308%	Northfield
Special Service Area #34 - Village of Glenview	---	---	Northfield
Special Service Area #36 - Village of Glenview	0.108%	0.127%	Northfield

Taxing District	2009 Tax Rate	2008 Tax Rate	Township
Special Service Area #37 - Village of Glenview	0.102%	0.118%	Northfield
Special Service Area #62 - Village of Glenview	0.165%	---	Northfield
Special Service Area #63 - Village of Glenview	0.183%	---	Northfield
Special Service Area #1 - Village of Northbrook	---	---	Northfield
Special Service Area #2 - Village of Northbrook	---	---	Northfield
Special Service Area #3 - Village of Northbrook	---	---	Northfield
Special Service Area #4 - Village of Northbrook	---	---	Northfield
Special Service Area #5 - Village of Northbrook	---	---	Northfield
Special Service Area #08-01 - Village of Northfield	---	---	Northfield
Special Service Area #09-01 - Village of Northfield	---	---	Northfield
Special Service Area #5 - City of Prospect Heights	0.112%	0.170%	Northfield
Special Service Area #1 - City of Evanston	---	---	Evanston
Special Service Area #2 - City of Evanston	---	---	Evanston
Special Service Area #3 - City of Evanston	---	---	Evanston
Special Service Area #4 - City of Evanston	0.138%	0.236%	Evanston
Special Service Area #5 - City of Evanston	0.184%	0.204%	Evanston
Average	**0.280%**	**0.287%**	
Median	**0.184%**	**0.209%**	
Max	**0.697%**	**0.825%**	
Min	**0.073%**	**0.002%**	

Sources: Cook County Clerk and *SB Friedman*

APPENDIX 9: WILMETTE PARKING STRUCTURE TIF AND SSA PROJECTIONS

Appendix 9: Wilmette Parking Garage TIF and SSA Projections

7/13/2011

Property Tax Revenue Projections - SSA Conservative Scenario

Project Year [1]	Calendar Year	Inflation Factor	Triennial Reassessment [2]	Current EAV Inflated	Annual EAV Additions [3]	Cumulative EAV Additions [3]	Annual EAV Deductions [3]	Cumulative EAV Deductions [3]	Total Taxable EAV	SSA Revenue - Scenario 1 @ 0.250%	Less: Collection Loss @ 5% [4]	Net SSA Revenue Scenario 1 0.25%	Net SSA Revenue Scenario 2 0.50%
0	2009	1	0	$ 82,768,669	$0	$0	$0	$0	$ 82,768,669				
0	2010	1.06	6.12%	$ 87,834,773	$0	$0	$0	$0	$ 87,834,773				
0	2011	1.06	0.00%	$ 87,834,773	$0	$0	$0	$0	$ 87,834,773				
1	2012	1.06	0.00%	$ 87,834,773	$0	$0	$0	$0	$ 87,834,773	$219,587	($10,979)	$208,608	$417,215
2	2013	1.13	6.12%	$ 93,210,964	$0	$0	$0	$0	$ 93,210,964	$219,587	($10,979)	$208,608	$417,215
3	2014	1.13	0.00%	$ 93,210,964	$1,508,583	$1,508,583	($100,783)	($100,783)	$ 94,618,765	$233,027	($11,651)	$221,376	$442,752
4	2015	1.13	0.00%	$ 93,210,964	$3,017,167	$4,525,750	($201,566)	($302,349)	$ 97,434,366	$236,547	($11,827)	$224,720	$449,439
5	2016	1.20	6.12%	$ 98,916,221	$6,216,962	$10,742,712	($455,880)	($758,228)	$ 108,900,704	$243,586	($12,179)	$231,407	$462,813
6	2017	1.20	0.00%	$ 98,916,221	$9,232,082	$19,974,793	($697,856)	($1,456,084)	$ 117,434,930	$272,252	($13,613)	$258,639	$517,278
7	2018	1.20	0.00%	$ 98,916,221	$4,242,597	$24,217,391	($405,075)	($1,861,159)	$ 121,272,452	$293,587	($14,679)	$278,908	$557,816
8	2019	1.27	6.12%	$ 104,970,685	$6,003,038	$30,220,429	($573,158)	($2,434,317)	$ 132,756,796	$303,181	($15,159)	$288,022	$576,044
9	2020	1.27	0.00%	$ 104,970,685	$0	$30,220,429	$0	($2,434,317)	$ 132,756,796	$331,892	($16,595)	$315,297	$630,595
10	2021	1.27	0.00%	$ 104,970,685	$0	$30,220,429	$0	($2,434,317)	$ 132,756,796	$331,892	($16,595)	$315,297	$630,595
11	2022	1.35	6.12%	$ 111,395,730	$0	$30,220,429	$0	($2,434,317)	$ 139,181,842	$331,892	($16,595)	$315,297	$630,595
12	2023	1.35	0.00%	$ 111,395,730	$0	$30,220,429	$0	($2,434,317)	$ 139,181,842	$347,955	($17,398)	$330,557	$661,114
13	2024	1.35	0.00%	$ 111,395,730	$0	$30,220,429	$0	($2,434,317)	$ 139,181,842	$347,955	($17,398)	$330,557	$661,114
14	2025	1.43	6.12%	$ 118,214,040	$0	$30,220,429	$0	($2,434,317)	$ 146,000,152	$347,955	($17,398)	$330,557	$661,114
15	2026	1.43	0.00%	$ 118,214,040	$0	$30,220,429	$0	($2,434,317)	$ 146,000,152	$365,000	($18,250)	$346,750	$693,501
16	2027	1.43	0.00%	$ 118,214,040	$0	$30,220,429	$0	($2,434,317)	$ 146,000,152	$365,000	($18,250)	$346,750	$693,501
17	2028	1.52	6.12%	$ 125,449,685	$0	$30,220,429	$0	($2,434,317)	$ 153,235,797	$365,000	($18,250)	$346,750	$693,501
18	2029	1.52	0.00%	$ 125,449,685	$0	$30,220,429	$0	($2,434,317)	$ 153,235,797	$383,089	($19,154)	$363,935	$727,870
19	2030	1.52	0.00%	$ 125,449,685	$0	$30,220,429	$0	($2,434,317)	$ 153,235,797	$383,089	($19,154)	$363,935	$727,870
20	2031	1.61	6.12%	$ 133,128,210	$0	$30,220,429	$0	($2,434,317)	$ 160,914,321	$383,089	($19,154)	$363,935	$727,870
									Undiscounted Revenue 2011-2040			**$5,989,906**	**$11,979,811**
									2011 PV @	**5.00%**		**$3,548,285**	**$7,096,570**

Sources: Cook County Clerk, Cook County Assessor, Illinois Department of Revenue, and *SB Friedman*

[1] Assumes adoption of SSA tax rate in tax year 2011, with collections beginning in calendar year 2012.

[2] The "conservative" scenario incorporates a 2% annual interest rate, calculated triennially from the most recent assessment year (2010) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation. Redevelopment activity triggered by construction of the parking garage is accounted for separately in the EAV Additions and Deductions columns.

[3] Per development program outlined in Village Center Master Plan, with start year of 2014 and assumed phasing schedule.

[4] 2009 property tax delinquency rate for SSA #1.

Appendix 9: CMAP Value Capture Analysis

7/13/2011

Property Tax Revenue Projections - SSA Optimistic Scenario

Project Year [1]	Calendar Year	Inflation Factor	Triennial Reassessment [2]	Current EAV Inflated	Annual EAV Additions [3]	Cumulative EAV Additions [3]	Annual EAV Deductions [3]	Cumulative EAV Deductions [3]	Total Taxable EAV	SSA Revenue - Scenario 1 @ 0.25%	Less: Collection Loss @ 5% [4]	Net SSA Revenue Scenario 1 0.25%	Net SSA Revenue Scenario 2 0.50%
0	2009	1	0	$ 82,768,669	$0	$0	$0	$0	$ 82,768,669				
0	2010	1.08	7.69%	$ 89,132,803	$0	$0	$0	$0	$ 89,132,803				
0	2011	1.08	0.00%	$ 89,132,803	$0	$0	$0	$0	$ 89,132,803				
1	2012	1.08	0.00%	$ 89,132,803	$0	$0	$0	$0	$ 89,132,803	$222,832	($11,142)	$211,690	$423,381
2	2013	1.16	7.69%	$ 95,986,280	$0	$0	$0	$0	$ 95,986,280	$222,832	($11,142)	$211,690	$423,381
3	2014	1.16	0.00%	$ 95,986,280	$1,553,501	$1,553,501	($103,784)	($103,784)	$ 97,435,997	$239,966	($11,998)	$227,967	$455,935
4	2015	1.16	0.00%	$ 95,986,280	$3,107,002	$4,660,503	($207,567)	($311,351)	$ 100,335,432	$243,590	($12,179)	$231,410	$462,821
5	2016	1.25	7.69%	$ 103,366,725	$6,496,679	$11,157,182	($476,391)	($787,742)	$ 113,736,165	$250,839	($12,542)	$238,297	$476,593
6	2017	1.25	0.00%	$ 103,366,725	$9,647,458	$20,804,639	($729,255)	($1,516,996)	$ 122,654,368	$284,340	($14,217)	$270,123	$540,247
7	2018	1.25	0.00%	$ 103,366,725	$4,433,483	$25,238,123	($423,300)	($1,940,296)	$ 126,664,551	$306,636	($15,332)	$291,304	$582,608
8	2019	1.34	7.69%	$ 111,314,657	$6,365,835	$31,603,958	($607,797)	($2,548,094)	$ 140,370,522	$316,661	($15,833)	$300,828	$601,657
9	2020	1.34	0.00%	$ 111,314,657	$0	$31,603,958	$0	($2,548,094)	$ 140,370,522	$350,926	($17,546)	$333,380	$666,760
10	2021	1.34	0.00%	$ 111,314,657	$0	$31,603,958	$0	($2,548,094)	$ 140,370,522	$350,926	($17,546)	$333,380	$666,760
11	2022	1.45	7.69%	$ 119,873,711	$0	$31,603,958	$0	($2,548,094)	$ 148,929,575	$350,926	($17,546)	$333,380	$666,760
12	2023	1.45	0.00%	$ 119,873,711	$0	$31,603,958	$0	($2,548,094)	$ 148,929,575	$372,324	($18,616)	$353,708	$707,415
13	2024	1.45	0.00%	$ 119,873,711	$0	$31,603,958	$0	($2,548,094)	$ 148,929,575	$372,324	($18,616)	$353,708	$707,415
14	2025	1.56	7.69%	$ 129,090,875	$0	$31,603,958	$0	($2,548,094)	$ 158,146,740	$372,324	($18,616)	$353,708	$707,415
15	2026	1.56	0.00%	$ 129,090,875	$0	$31,603,958	$0	($2,548,094)	$ 158,146,740	$395,367	($19,768)	$375,599	$751,197
16	2027	1.56	0.00%	$ 129,090,875	$0	$31,603,958	$0	($2,548,094)	$ 158,146,740	$395,367	($19,768)	$375,599	$751,197
17	2028	1.68	7.69%	$ 139,016,754	$0	$31,603,958	$0	($2,548,094)	$ 168,072,618	$395,367	($19,768)	$375,599	$751,197
18	2029	1.68	0.00%	$ 139,016,754	$0	$31,603,958	$0	($2,548,094)	$ 168,072,618	$420,182	($21,009)	$399,172	$798,345
19	2030	1.68	0.00%	$ 139,016,754	$0	$31,603,958	$0	($2,548,094)	$ 168,072,618	$420,182	($21,009)	$399,172	$798,345
20	2031	1.81	7.69%	$ 149,705,839	$0	$31,603,958	$0	($2,548,094)	$ 178,761,703	$420,182	($21,009)	$399,172	$798,345
									Undiscounted Revenue 2011-2040			**$6,368,887**	**$12,737,775**
									2011 PV @ 5.00%			**$3,748,398**	**$7,496,797**

Sources: Cook County Clerk, Cook County Assessor, Illinois Department of Revenue, and *SB Friedman*

[1] Assumes adoption of SSA tax rate in tax year 2011, with collections beginning in calendar year 2012.

[2] The "optimistic" scenario incorporates a 2.5% annual interest rate, calculated triennially from the most recent assessment year (2010) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation. Redevelopment activity triggered by construction of the parking garage is accounted for separately in the EAV Additions and Deductions columns.

[3] Per development program outlined in Village Center Master Plan, with start year of 2014 and assumed phasing schedule.

[4] 2009 property tax delinquency rate for SSA #1.

Appendix 9: Wilmette Parking Garage TIF and SSA Projections

7/13/2011

Property Tax Revenue Projections - TIF Conservative Scenario

TIF Year [1]	Calendar Year	Inflation Factor [2]	Triennial Reassessment [2]	Frozen Base EAV [3]	Current EAV Inflated	Annual EAV Additions [4]	Cumulative EAV Additions [4]	Annual EAV Deductions [4]	Cumulative EAV Deductions [4]	Total Taxable EAV	Incremental EAV	Property Tax Rate [5]	Gross Incremental Revenue	Less: Collections Loss @ 5% [6]	Less: Administrative Fee @ 10% [7]	Net Incremental Revenue
0	2009	1	0		$82,768,669	$0	$0	$0	$0			5.002%				
0	2010	1.06	6.12%		$87,834,773	$0	$0	$0	$0			5.002%				
0	2011	1.06	0.00%	$87,834,773	$87,834,773	$0	$0	$0	$0	$87,834,773		5.002%				
1	2012	1.06	0.00%	$87,834,773	$87,834,773	$0	$0	$0	$0	$87,834,773	$0	5.002%				
2	2013	1.13	6.12%	$87,834,773	$93,210,964	$0	$0	$0	$0	$93,210,964	$5,376,191	5.002%	$0	$0	$0	$0
3	2014	1.13	0.00%	$87,834,773	$93,210,964	$1,508,583	$1,508,583	($100,783)	($100,783)	$94,618,765	$6,783,991	5.002%	$268,917	($13,446)	($25,547)	$229,924
4	2015	1.13	0.00%	$87,834,773	$93,210,964	$3,017,167	$4,525,750	($201,566)	($302,349)	$97,434,366	$9,599,593	5.002%	$339,335	($16,967)	($32,237)	$290,132
5	2016	1.20	6.12%	$87,834,773	$98,916,221	$6,216,962	$11,019,724	($455,880)	($776,734)	$109,159,210	$21,324,437	5.002%	$480,172	($24,009)	($45,616)	$410,547
6	2017	1.20	0.00%	$87,834,773	$98,916,221	$9,232,082	$20,251,806	($697,856)	($1,474,591)	$117,693,436	$29,858,662	5.002%	$1,066,648	($53,332)	($101,332)	$911,984
7	2018	1.20	0.00%	$87,834,773	$98,916,221	$4,242,597	$24,494,403	($405,075)	($1,879,665)	$121,530,958	$33,696,185	5.002%	$1,493,530	($74,677)	($141,885)	$1,276,968
8	2019	1.27	6.12%	$87,834,773	$104,970,685	$6,003,038	$31,996,694	($573,158)	($2,567,874)	$134,399,505	$46,564,732	5.002%	$1,685,483	($84,274)	($160,121)	$1,441,088
9	2020	1.27	0.00%	$87,834,773	$104,970,685	$0	$31,996,694	$0	($2,567,874)	$134,399,505	$46,564,732	5.002%	$2,329,168	($116,458)	($221,271)	$1,991,439
10	2021	1.27	0.00%	$87,834,773	$104,970,685	$0	$31,996,694	$0	($2,567,874)	$134,399,505	$46,564,732	5.002%	$2,329,168	($116,458)	($221,271)	$1,991,439
11	2022	1.35	6.12%	$87,834,773	$111,395,730	$0	$33,955,148	$0	($2,725,048)	$142,625,830	$54,791,057	5.002%	$2,329,168	($116,458)	($221,271)	$1,991,439
12	2023	1.35	0.00%	$87,834,773	$111,395,730	$0	$33,955,148	$0	($2,725,048)	$142,625,830	$54,791,057	5.002%	$2,740,649	($137,032)	($260,362)	$2,343,255
13	2024	1.35	0.00%	$87,834,773	$111,395,730	$0	$33,955,148	$0	($2,725,048)	$142,625,830	$54,791,057	5.002%	$2,740,649	($137,032)	($260,362)	$2,343,255
14	2025	1.43	6.12%	$87,834,773	$118,214,040	$0	$36,033,475	$0	($2,891,843)	$151,355,672	$63,520,899	5.002%	$2,740,649	($137,032)	($260,362)	$2,343,255
15	2026	1.43	0.00%	$87,834,773	$118,214,040	$0	$36,033,475	$0	($2,891,843)	$151,355,672	$63,520,899	5.002%	$3,177,315	($158,866)	($301,845)	$2,716,605
16	2027	1.43	0.00%	$87,834,773	$118,214,040	$0	$36,033,475	$0	($2,891,843)	$151,355,672	$63,520,899	5.002%	$3,177,315	($158,866)	($301,845)	$2,716,605
17	2028	1.52	6.12%	$87,834,773	$125,449,685	$0	$38,239,012	$0	($3,068,847)	$160,619,850	$72,785,077	5.002%	$3,177,315	($158,866)	($301,845)	$2,716,605
18	2029	1.52	0.00%	$87,834,773	$125,449,685	$0	$38,239,012	$0	($3,068,847)	$160,619,850	$72,785,077	5.002%	$3,640,710	($182,035)	($345,867)	$3,112,807
19	2030	1.52	0.00%	$87,834,773	$125,449,685	$0	$38,239,012	$0	($3,068,847)	$160,619,850	$72,785,077	5.002%	$3,640,710	($182,035)	($345,867)	$3,112,807
20	2031	1.61	6.12%	$87,834,773	$133,128,210	$0	$40,579,545	$0	($3,256,685)	$170,451,070	$82,616,296	5.002%	$3,640,710	($182,035)	($345,867)	$3,112,807
21	2032	1.61	0.00%	$87,834,773	$133,128,210	$0	$40,579,545	$0	($3,256,685)	$170,451,070	$82,616,296	5.002%	$4,132,467	($206,623)	($392,584)	$3,533,259
22	2033	1.61	0.00%	$87,834,773	$133,128,210	$0	$40,579,545	$0	($3,256,685)	$170,451,070	$82,616,296	5.002%	$4,132,467	($206,623)	($392,584)	$3,533,259
23	2034	1.71	6.12%	$87,834,773	$141,276,721	$0	$43,063,338	$0	($3,456,020)	$180,884,039	$93,049,265	5.002%	$4,132,467	($206,623)	($392,584)	$3,533,259
24	2035	Collections for TIF Year 23											$4,654,324	($232,716)	($442,161)	$3,979,447
													Undiscounted Revenue (2012-2035)			$49,632,182
													2011 PV @ 5.00%			$24,170,260

Sources: Cook County Clerk, Cook County Assessor, Illinois Department of Revenue, and *SB Friedman*

[1] This analysis assumes establishment of a TIF district in 2011, with 2012 as the first active year of TIF revenue potential.

[2] The "conservative" scenario incorporates a 2% annual interest rate, calculated triennially from the most recent assessment year (2010) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation.
Redevelopment activity triggered by construction of the parking garage is accounted for separately in the EAV Additions and Deductions columns.

[3] Based on 2009 EAV inflated by triennial reassessment factor in 2010, with a base year of 2011.

[4] Per development program outlined in Village Center Master Plan, with start year of 2014 and assumed phasing schedule.

[5] Based on 2009 tax rate, held constant over time.

[6] 2009 property tax delinquency rate for SSA #1.

[7] *SB Friedman* assumption.

Appendix 9: CMAP Value Capture Analysis

7/13/2011

Property Tax Revenue Projections - TIF Optimistic Scenario

TIF Year [1]	Calendar Year	Inflation Factor [2]	Triennial Reassessment [2]	Frozen Base EAV [3]	Current EAV Inflated	Annual EAV Additions [4]	Cumulative EAV Additions [4]	Annual EAV Deductions [4]	Cumulative EAV Deductions [4]	Total Taxable EAV	Incremental EAV	Property Tax Rate [5]	Gross Incremental Revenue	Less: Collections Loss @ 5% [6]	Less: Administrative Fee @ 10% [7]	Net Incremental Revenue
0	2009	1	0		$82,768,669	$0	$0	$0	$0			5.002%				
0	2010	1.08	7.69%		$89,132,803	$0	$0	$0	$0			5.002%				
0	2011	1.08	0.00%	$89,132,803	$89,132,803	$0	$0	$0	$0	$89,132,803		5.002%				
1	2012	1.08	0.00%	$89,132,803	$89,132,803	$0	$0	$0	$0	$89,132,803	$0	5.002%				
2	2013	1.16	7.69%	$89,132,803	$95,986,280	$0	$0	$0	$0	$95,986,280	$6,853,477	5.002%	$0	$0	$0	$0
3	2014	1.16	0.00%	$89,132,803	$95,986,280	$1,553,501	$1,553,501	($103,784)	($103,784)	$97,435,997	$8,303,194	5.002%	$342,811	($17,141)	($32,567)	$293,103
4	2015	1.16	0.00%	$89,132,803	$95,986,280	$3,107,002	$4,660,503	($207,567)	($311,351)	$100,335,432	$11,202,629	5.002%	$415,326	($20,766)	($39,456)	$355,104
5	2016	1.25	7.69%	$89,132,803	$103,366,725	$6,496,679	$11,515,531	($476,391)	($811,682)	$114,070,574	$24,937,771	5.002%	$560,355	($28,018)	($53,234)	$479,104
6	2017	1.25	0.00%	$89,132,803	$103,366,725	$9,647,458	$21,162,988	($729,255)	($1,540,936)	$122,988,777	$33,855,974	5.002%	$1,247,387	($62,369)	($118,502)	$1,066,516
7	2018	1.25	0.00%	$89,132,803	$103,366,725	$4,433,483	$25,596,472	($423,300)	($1,964,236)	$126,998,960	$37,866,157	5.002%	$1,693,476	($84,674)	($160,880)	$1,447,922
8	2019	1.34	7.69%	$89,132,803	$111,314,657	$6,365,835	$33,930,436	($607,797)	($2,723,065)	$142,522,028	$53,389,225	5.002%	$1,894,065	($94,703)	($179,936)	$1,619,426
9	2020	1.34	0.00%	$89,132,803	$111,314,657	$0	$33,930,436	$0	($2,723,065)	$142,522,028	$53,389,225	5.002%	$2,670,529	($133,526)	($253,700)	$2,283,302
10	2021	1.34	0.00%	$89,132,803	$111,314,657	$0	$33,930,436	$0	($2,723,065)	$142,522,028	$53,389,225	5.002%	$2,670,529	($133,526)	($253,700)	$2,283,302
11	2022	1.45	7.69%	$89,132,803	$119,873,711	$0	$36,539,368	$0	($2,932,443)	$153,480,636	$64,347,833	5.002%	$2,670,529	($133,526)	($253,700)	$2,283,302
12	2023	1.45	0.00%	$89,132,803	$119,873,711	$0	$36,539,368	$0	($2,932,443)	$153,480,636	$64,347,833	5.002%	$3,218,679	($160,934)	($305,774)	$2,751,970
13	2024	1.45	0.00%	$89,132,803	$119,873,711	$0	$36,539,368	$0	($2,932,443)	$153,480,636	$64,347,833	5.002%	$3,218,679	($160,934)	($305,774)	$2,751,970
14	2025	1.56	7.69%	$89,132,803	$129,090,875	$0	$39,348,903	$0	($3,157,921)	$165,281,858	$76,149,055	5.002%	$3,218,679	($160,934)	($305,774)	$2,751,970
15	2026	1.56	0.00%	$89,132,803	$129,090,875	$0	$39,348,903	$0	($3,157,921)	$165,281,858	$76,149,055	5.002%	$3,808,976	($190,449)	($361,853)	$3,256,674
16	2027	1.56	0.00%	$89,132,803	$129,090,875	$0	$39,348,903	$0	($3,157,921)	$165,281,858	$76,149,055	5.002%	$3,808,976	($190,449)	($361,853)	$3,256,674
17	2028	1.68	7.69%	$89,132,803	$139,016,754	$0	$42,374,465	$0	($3,400,735)	$177,990,483	$88,857,680	5.002%	$3,808,976	($190,449)	($361,853)	$3,256,674
18	2029	1.68	0.00%	$89,132,803	$139,016,754	$0	$42,374,465	$0	($3,400,735)	$177,990,483	$88,857,680	5.002%	$4,444,661	($222,233)	($422,243)	$3,800,185
19	2030	1.68	0.00%	$89,132,803	$139,016,754	$0	$42,374,465	$0	($3,400,735)	$177,990,483	$88,857,680	5.002%	$4,444,661	($222,233)	($422,243)	$3,800,185
20	2031	1.81	7.69%	$89,132,803	$149,705,839	$0	$45,632,664	$0	($3,662,220)	$191,676,283	$102,543,479	5.002%	$4,444,661	($222,233)	($422,243)	$3,800,185
21	2032	1.81	0.00%	$89,132,803	$149,705,839	$0	$45,632,664	$0	($3,662,220)	$191,676,283	$102,543,479	5.002%	$5,129,225	($256,461)	($487,276)	$4,385,487
22	2033	1.81	0.00%	$89,132,803	$149,705,839	$0	$45,632,664	$0	($3,662,220)	$191,676,283	$102,543,479	5.002%	$5,129,225	($256,461)	($487,276)	$4,385,487
23	2034	1.95	7.69%	$89,132,803	$161,216,814	$0	$49,141,388	$0	($3,943,810)	$206,414,392	$117,281,589	5.002%	$5,129,225	($256,461)	($487,276)	$4,385,487
24	2035	Collections for TIF Year 23											$5,866,425	($293,321)	($557,310)	$5,015,793
													Undiscounted Revenue (2012-2035)			$59,709,826
													2011 PV @ 5.00%			$28,856,991

Sources: Cook County Clerk, Cook County Assessor, Illinois Department of Revenue, and *SB Friedman*

[1] This analysis assumes establishment of a TIF district in 2011, with 2012 as the first active year of TIF revenue potential.

[2] The "optimistic" scenario incorporates a 2.5% annual interest rate, calculated triennially from the most recent assessment year (2010) per Cook County Assessor policy. This inflation rate reflects basic area EAV inflation.
Redevelopment activity triggered by construction of the parking garage is accounted for separately in the EAV Additions and Deductions columns.

[3] Based on 2009 EAV inflated by triennial reassessment factor in 2010, with a base year of 2011.

[4] Per development program outlined in Village Center Master Plan, with start year of 2014 and assumed phasing schedule.

[5] Based on 2009 tax rate, held constant over time.

[6] 2009 property tax delinquency rate for SSA #1.

[7] *SB Friedman* assumption.

APPENDIX 10: ROUTE 120 BYPASS VALUE CAPTURE ANALYSIS SSA PROJECTIONS

Appendix 10: Route 120 Bypass Value Capture Analysis SSA Projections **7/14/2011**
SSA Projection Summary for Baseline EAV Only Flat and Graduated Tax Scenarios

Variable Assumptions [1]

Inflation	0.00%
High Tax Rate	1.00%
Low Tax Rate	0.50%

Constant Assumptions

Admin Fee	5.00%
Collection Loss	5.00%

			SSA Projections (Up to 0.5-Mile)					SSA Projections (0.5-Mile to 1.0-Mile)					Combined Total SSA Revenues [5]		
			Total Taxable EAV [3]			Total SSA Revenue [4]		Total Taxable EAV [3]			Total SSA Revenue [4]				
Transit VCD Year [2]	Calendar Year	Growth Due to Reassessment	Key Dev Sites	Other Dev Sites	Balance of District	0.50% Tax Rate	1.00% Tax Rate	Key Dev Sites	Other Dev Sites	Balance of District	0.50% Tax Rate	0.00% Tax Rate	COMBINED TOTAL 0.50%	COMBINED TOTAL 1.00%	COMBINED TOTAL (Graduated)
	2009														
	2010		$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
	2011	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
0	2012	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
0	2013	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
0	2014	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
0	2015	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
0	2016	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
0	2017	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
1	2018	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
2	2019	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
3	2020	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
4	2021	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
5	2022	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
6	2023	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
7	2024	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
8	2025	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
9	2026	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
10	2027	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
11	2028	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
12	2029	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
13	2030	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
14	2031	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
15	2032	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
16	2033	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
17	2034	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
18	2035	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
19	2036	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
20	2037	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
21	2038	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
22	2039	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
23	2040	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
24	2041	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
25	2042	0.0%	$ 3,711,322	$ 616,756	$ 77,280,889	$ 368,260	$ 736,521	$ 14,828	$ 354,656	$ 65,275,789	$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
	2043	*Collections for Tax Year 2042*				$ 368,260	$ 736,521				$ 296,224	$ 592,449	**$ 664,485**	**$ 1,328,970**	**$ 1,032,745**
					TOTAL	**$ 9,574,772**	**$ 19,149,544**			**TOTAL**	**$ 7,701,832**	**$ 15,403,663**	**$ 17,276,604**	**$ 34,553,207**	**$ 26,851,376**

[1] Tax rate range is based on a survey of tax rates at existing SSAs in Lake County. Estimated SSA capacity was calculated under three rate scenarios: all parcels taxed at a flat, low tax rate; all parcels taxed at a flat, high tax rate; and graduated rates assigned to 0.5-mile and 1.0-mile buffers from the proposed roadway.
[2] Based on the timeline estimated in the Route 120 Feasbility Report (December 2009) and typical highway bonding periods.
It is assumed that construction begins in 2018 and bonds are issued during the prior year in 2017.
The SSA value capture district would be established in the year bonds are issued and extend 25 years.
The baseline scenario assumes no development or inflation occurs.
[3] Taxable EAV is for the 2010 assessment year, per Lake County Assessor's Office, for the indicated buffer area including current and proposed commercial parcels only.
Key development sites include the intersections of Alleghany Road, Route 45, and Fairfield.
However, in this scenario, all values are held constant through the life of the value capture district.
[4] Total SSA Revenue is equal to the sum of Total Taxable EAV multiplied by the indicated tax rates.
[5] Combined Total SSA Revenues are equal to the sum of Total SSA Revenues for both buffer areas at the indicated tax rates.
The graduated total is based on tax revenues at a 1.0% rate for the 0.5-mile buffer and a 0.5% rate for the 0.5-mile to 0.1-mile buffer.
[6] Estimated bonding capacity is based on typical bond terms for highway improvements.

Bonding Capacity [6]

Interest Rate	7.0%	7.0%	7.0%
DCR Req	1.25	1.25	1.25
Closing Costs	$ 37,169	$ 74,339	$ 57,769
Interest Reserves	$ 619,490	$ 1,238,981	$ 962,815
Cap I	n/a	n/a	n/a
Par	$ 6,194,903	$ 12,389,805	$ 9,628,146
Net Proceeds	**$ 5,538,000**	**$ 11,076,000**	**$ 8,608,000**

Appendix 10: Route 120 Bypass Value Capture Analysis SSA Projections
SSA Projection Summary for Baseline EAV + Development EAV Flat and Graduated Tax Scenarios

Variable Assumptions [1]

Inflation	2.00%
High Tax Rate	1.00%
Low Tax Rate	0.50%

Constant Assumptions

Admin Fee	5.00%
Collection Loss	5.00%

			SSA Projections (Up to 0.5-Mile)					SSA Projections (0.5-Mile to 1.0-Mile)					Combined Total SSA Revenues [5]		
			Total Taxable EAV [3]			Total SSA Revenue [4]		Total Taxable EAV [3]			Total SSA Revenue [4]				
Transit VCD Year [2]	Calendar Year	Growth Due to Reassessment	Key Dev Sites	Other Dev Sites	Balance of District	0.50% Tax Rate	1.00% Tax Rate	Key Dev Sites	Other Dev Sites	Balance of District	0.50% Tax Rate	1.00% Tax Rate	COMBINED TOTAL 0.50%	COMBINED TOTAL 1.00%	COMBINED TOTAL (Graduated)
	2009														
	2010		$ 3,711,322	$ 616,756	$ 77,280,889			$ 14,828	$ 354,656	$ 65,275,789					
	2011	2.0%	$ 3,785,548	$ 629,091	$ 78,826,507			$ 15,125	$ 361,749	$ 66,581,305					
0	2012	2.0%	$ 3,861,259	$ 641,673	$ 80,403,037			$ 15,427	$ 368,984	$ 67,912,931					
0	2013	2.0%	$ 3,938,485	$ 654,506	$ 82,011,098			$ 15,736	$ 376,364	$ 69,271,189					
0	2014	2.0%	$ 4,017,254	$ 667,597	$ 83,651,320			$ 16,050	$ 383,891	$ 70,656,613					
0	2015	2.0%	$ 4,097,599	$ 680,948	$ 85,324,346			$ 16,371	$ 391,569	$ 72,069,746					
0	2016	2.0%	$ 4,179,551	$ 694,567	$ 87,030,833			$ 16,699	$ 399,400	$ 73,511,140					
0	2017	2.0%	$ 4,263,142	$ 708,459	$ 88,771,450			$ 17,033	$ 407,388	$ 74,981,363					
1	2018	2.0%	$ 4,348,405	$ 722,628	$ 90,546,879	$ 423,016	$ 846,031	$ 17,373	$ 415,536	$ 76,480,991	$ 340,269	$ 680,537	**$ 763,284**	**$ 1,526,568**	**$ 1,186,300**
2	2019	2.0%	$ 16,397,212	$ 2,779,294	$ 92,357,816	$ 431,476	$ 862,952	$ 2,887,018	$ 1,099,225	$ 78,010,610	$ 347,074	$ 694,148	**$ 778,550**	**$ 1,557,100**	**$ 1,210,026**
3	2020	2.0%	$ 36,026,606	$ 5,612,290	$ 94,204,972	$ 503,299	$ 1,006,597	$ 6,847,003	$ 2,039,724	$ 79,570,823	$ 370,011	$ 740,022	**$ 873,309**	**$ 1,746,619**	**$ 1,376,608**
4	2021	2.0%	$ 54,578,207	$ 8,557,494	$ 96,089,072	$ 612,995	$ 1,225,991	$ 10,964,232	$ 3,017,404	$ 81,162,239	$ 399,165	$ 798,329	**$ 1,012,160**	**$ 2,024,320**	**$ 1,625,156**
5	2022	2.0%	$ 69,310,539	$ 10,895,857	$ 98,010,853	$ 718,502	$ 1,437,004	$ 14,228,438	$ 3,794,469	$ 82,785,484	$ 429,337	$ 858,673	**$ 1,147,839**	**$ 2,295,677**	**$ 1,866,340**
6	2023	2.0%	$ 83,644,628	$ 13,324,332	$ 99,971,070	$ 804,205	$ 1,608,411	$ 17,618,826	$ 4,601,409	$ 84,441,193	$ 454,898	$ 909,796	**$ 1,259,103**	**$ 2,518,206**	**$ 2,063,309**
7	2024	2.0%	$ 97,539,338	$ 15,845,587	$ 101,970,492	$ 888,692	$ 1,777,384	$ 21,139,139	$ 5,439,110	$ 86,130,017	$ 481,310	$ 962,619	**$ 1,370,002**	**$ 2,740,003**	**$ 2,258,693**
8	2025	2.0%	$ 109,140,586	$ 17,695,742	$ 104,009,902	$ 971,791	$ 1,943,583	$ 23,716,118	$ 6,054,949	$ 87,852,618	$ 508,596	$ 1,017,192	**$ 1,480,387**	**$ 2,960,775**	**$ 2,452,179**
9	2026	2.0%	$ 121,166,868	$ 19,613,564	$ 106,090,100	$ 1,041,694	$ 2,083,387	$ 26,387,721	$ 6,693,246	$ 89,609,670	$ 530,777	$ 1,061,554	**$ 1,572,470**	**$ 3,144,941**	**$ 2,614,164**
10	2027	2.0%	$ 133,630,545	$ 21,601,021	$ 108,211,902	$ 1,114,003	$ 2,228,007	$ 29,156,701	$ 7,354,654	$ 91,401,863	$ 553,642	$ 1,107,283	**$ 1,667,645**	**$ 3,335,290**	**$ 2,781,648**
11	2028	2.0%	$ 145,518,951	$ 23,574,494	$ 110,376,140	$ 1,188,789	$ 2,377,577	$ 31,905,567	$ 8,011,519	$ 93,229,901	$ 577,208	$ 1,154,417	**$ 1,765,997**	**$ 3,531,994**	**$ 2,954,786**
12	2029	2.0%	$ 156,866,945	$ 25,356,219	$ 112,583,663	$ 1,261,107	$ 2,522,213	$ 34,384,551	$ 8,605,056	$ 95,094,499	$ 600,826	$ 1,201,652	**$ 1,861,932**	**$ 3,723,865**	**$ 3,123,039**
13	2030	2.0%	$ 168,610,651	$ 27,199,784	$ 114,835,336	$ 1,330,316	$ 2,660,632	$ 36,949,932	$ 9,219,130	$ 96,996,389	$ 623,105	$ 1,246,209	**$ 1,953,420**	**$ 3,906,841**	**$ 3,283,736**
14	2031	2.0%	$ 180,761,358	$ 29,106,948	$ 117,132,042	$ 1,401,789	$ 2,803,578	$ 39,604,174	$ 9,854,325	$ 98,936,316	$ 646,034	$ 1,292,068	**$ 2,047,823**	**$ 4,095,646**	**$ 3,449,612**
15	2032	2.0%	$ 193,330,649	$ 31,079,519	$ 119,474,683	$ 1,475,589	$ 2,951,178	$ 42,349,806	$ 10,511,240	$ 100,915,043	$ 669,632	$ 1,339,263	**$ 2,145,221**	**$ 4,290,441**	**$ 3,620,810**
16	2033	2.0%	$ 206,330,408	$ 33,119,350	$ 121,864,177	$ 1,551,780	$ 3,103,561	$ 45,189,421	$ 11,190,489	$ 102,933,344	$ 693,915	$ 1,387,829	**$ 2,245,695**	**$ 4,491,390**	**$ 3,797,475**
17	2034	2.0%	$ 219,772,824	$ 35,228,342	$ 124,301,461	$ 1,630,429	$ 3,260,858	$ 48,125,681	$ 11,892,705	$ 104,992,011	$ 718,901	$ 1,437,802	**$ 2,349,330**	**$ 4,698,660**	**$ 3,979,759**
18	2035	2.0%	$ 233,670,405	$ 37,408,447	$ 126,787,490	$ 1,711,603	$ 3,423,206	$ 51,161,316	$ 12,618,532	$ 107,091,851	$ 744,609	$ 1,489,219	**$ 2,456,213**	**$ 4,912,425**	**$ 4,167,816**
19	2036	2.0%	$ 248,035,980	$ 39,661,664	$ 129,323,240	$ 1,795,372	$ 3,590,744	$ 54,299,126	$ 13,368,636	$ 109,233,688	$ 771,059	$ 1,542,117	**$ 2,566,430**	**$ 5,132,861**	**$ 4,361,802**
20	2037	2.0%	$ 262,882,710	$ 41,990,047	$ 131,909,704	$ 1,881,807	$ 3,763,613	$ 57,541,984	$ 14,143,696	$ 111,418,361	$ 798,268	$ 1,596,536	**$ 2,680,075**	**$ 5,360,149**	**$ 4,561,881**
21	2038	2.0%	$ 278,224,095	$ 44,395,700	$ 134,547,898	$ 1,970,981	$ 3,941,962	$ 60,892,836	$ 14,944,412	$ 113,646,729	$ 826,257	$ 1,652,514	**$ 2,797,238**	**$ 5,594,476**	**$ 4,768,219**
22	2039	2.0%	$ 294,073,982	$ 46,880,783	$ 137,238,856	$ 2,062,969	$ 4,125,938	$ 64,354,706	$ 15,771,498	$ 115,919,663	$ 855,046	$ 1,710,093	**$ 2,918,016**	**$ 5,836,031**	**$ 4,980,985**
23	2040	2.0%	$ 310,446,575	$ 49,447,511	$ 139,983,634	$ 2,157,849	$ 4,315,697	$ 67,930,694	$ 16,625,690	$ 118,238,057	$ 884,657	$ 1,769,314	**$ 3,042,506**	**$ 6,085,011**	**$ 5,200,354**
24	2041	2.0%	$ 327,356,442	$ 52,098,157	$ 142,783,306	$ 2,255,698	$ 4,511,396	$ 71,623,979	$ 17,507,742	$ 120,602,818	$ 915,110	$ 1,830,220	**$ 3,170,808**	**$ 6,341,616**	**$ 5,426,506**
25	2042	2.0%	$ 344,818,525	$ 54,835,049	$ 145,638,972	$ 2,356,599	$ 4,713,197	$ 75,437,823	$ 18,418,425	$ 123,014,874	$ 946,427	$ 1,892,854	**$ 3,303,026**	**$ 6,606,051**	**$ 5,659,624**
	2043	*Collections for Tax Year 2042*				$ 2,460,633	$ 4,921,265				$ 978,631	$ 1,957,262	**$ 3,439,264**	**$ 6,878,527**	**$ 5,899,896**
					TOTAL	**$ 36,002,981**	**$ 72,005,962**			**TOTAL**	**$ 16,664,761**	**$ 33,329,522**	**$ 52,667,742**	**$ 105,335,484**	**$ 88,670,723**

[1] Tax rate range is based on a survey of tax rates at existing SSAs in Lake County. Estimated SSA capacity was calculated under three rate scenarios: all parcels taxed at a flat, low tax rate; all parcels taxed at a flat, high tax rate; and graduated rates assigned to 0.5-mile and 1.0-mile buffers from the proposed roadway
[2] Based on the timeline estimated in the Route 120 Feasibility Report (December 2009) and typical highway bonding periods.
It is assumed that construction begins in 2018 and bonds are issued during the prior year in 2017.
The SSA value capture district would be established in the year bonds are issued and extend 25 years
The baseline plus development scenario assumes a general inflation rate on all parcel values and that development occurs at key development sites and other development sites
[3] Taxable EAV is for the 2010 assessment year, provided by the Lake County Assessor's Office, for the indicated buffer area including current and proposed commercial parcels only.
Key development sites include the intersections of Alleghany Road, Route 45, and Fairfield. Other development is also anticipated to happen along the corrido according to land use plans developed as part of the Route 120 feasibility study and a market capcity analysis conducted as part of this value capture study
Estimated EAV from redevelopment is based on 2010 current assessed values of comparable retail, office, and industrial properties in Lake County
[4] Total SSA Revenue is equal to the sum of Total Taxable EAV multiplied by the indicated tax rates
[5] Combined Total SSA Revenues are equal to the sum of Total SSA Revenues for both buffer areas at the indicated tax rates.
The graduated total is based on tax revenues at a 1.0% rate for the 0.5-mile buffer and a 0.5% rate for the 0.5-mile to 0.1-mile buffer
[6] Estimated bonding capacity is based on typical bond terms for highway improvements.

Bonding Capacity [6]

Interest Rate	5.5%	5.5%	5.5%
DCR Req	1.25	1.25	1.25
Closing Costs	$ 112,641	$ 225,282	$ 188,075
Interest Reserves	$ 1,877,350	$ 3,754,700	$ 3,134,586
Cap I	$ 516,271.24	$ 1,032,542.49	$ 862,011.14
Par	$ 18,773,500	$ 37,547,000	$ 31,345,860
Net Proceeds	**$ 16,267,000**	**$ 32,534,000**	**$ 27,161,000**

APPENDIX 11: ROUTE 120 BYPASS VALUE CAPTURE ANALYSIS TIF PROJECTIONS

Appendix 11: Route 120 Bypass Value Capture Analysis TIF Projections 7/14/2011

TIF Projections Inflation-Only Scenario

Assumptions

Inflation	2.00%
Flat Tax Rate	9.20%
Admin Fee	5.00%
Collection Loss	5.00%

TIF Projections Inflation-Only Scenario

			Up to 0.5-Mile			Up to 0.5-MILE	0.5-Mile to 1.0-Mile			0.5- to 1.0-MILE	COMBINED
Transit VCD Year [1]	Calendar Year	Growth Due to Reassessment	Frozen VCD Base EAV [2]	Inflated VCD EAV [3]	Incremental VCD EAV [4]	NET TIF REVENUE [5]	Frozen VCD Base EAV [2]	Inflated VCD EAV [3]	Incremental VCD EAV [4]	NET TIF REVENUE [6]	NET TIF REVENUE [6]
	2009										
	2010		$ 374,978,343				$ 397,069,853				
	2011	2.0%	$ 382,477,910				$ 405,011,250				
0	2012	2.0%	$ 390,127,468				$ 413,111,475				
0	2013	2.0%	$ 397,930,017				$ 421,373,705				
0	2014	2.0%	$ 405,888,618				$ 429,801,179				
0	2015	2.0%	$ 414,006,390				$ 438,397,202				
0	2016	2.0%	$ 422,286,518				$ 447,165,146				
0	2017	2.0%	$ 430,732,248	$ 430,732,248	$ -		$ 456,108,449	$ 456,108,449	$ -		
1	2018	2.0%	$ 430,732,248	$ 439,346,893	$ 8,614,645	**$ -**	$ 456,108,449	$ 465,230,618	$ 9,122,169	**$ -**	**$ -**
2	2019	2.0%	$ 430,732,248	$ 448,133,831	$ 17,401,583	**$ 715,607**	$ 456,108,449	$ 474,535,231	$ 18,426,781	**$ 757,766**	**$ 1,473,373**
3	2020	2.0%	$ 430,732,248	$ 457,096,508	$ 26,364,259	**$ 1,445,526**	$ 456,108,449	$ 484,025,935	$ 27,917,486	**$ 1,530,688**	**$ 2,976,214**
4	2021	2.0%	$ 430,732,248	$ 466,238,438	$ 35,506,190	**$ 2,190,044**	$ 456,108,449	$ 493,706,454	$ 37,598,005	**$ 2,319,068**	**$ 4,509,112**
5	2022	2.0%	$ 430,732,248	$ 475,563,207	$ 44,830,958	**$ 2,949,451**	$ 456,108,449	$ 503,580,583	$ 47,472,134	**$ 3,123,216**	**$ 6,072,667**
6	2023	2.0%	$ 430,732,248	$ 485,074,471	$ 54,342,222	**$ 3,724,047**	$ 456,108,449	$ 513,652,195	$ 57,543,745	**$ 3,943,446**	**$ 7,667,494**
7	2024	2.0%	$ 430,732,248	$ 494,775,960	$ 64,043,712	**$ 4,514,135**	$ 456,108,449	$ 523,925,238	$ 67,816,789	**$ 4,780,082**	**$ 9,294,217**
8	2025	2.0%	$ 430,732,248	$ 504,671,479	$ 73,939,231	**$ 5,320,025**	$ 456,108,449	$ 534,403,743	$ 78,295,294	**$ 5,633,450**	**$ 10,953,475**
9	2026	2.0%	$ 430,732,248	$ 514,764,909	$ 84,032,661	**$ 6,142,033**	$ 456,108,449	$ 545,091,818	$ 88,983,369	**$ 6,503,885**	**$ 12,645,917**
10	2027	2.0%	$ 430,732,248	$ 525,060,207	$ 94,327,959	**$ 6,980,480**	$ 456,108,449	$ 555,993,654	$ 99,885,205	**$ 7,391,729**	**$ 14,372,209**
11	2028	2.0%	$ 430,732,248	$ 535,561,411	$ 104,829,163	**$ 7,835,697**	$ 456,108,449	$ 567,113,528	$ 111,005,078	**$ 8,297,330**	**$ 16,133,027**
12	2029	2.0%	$ 430,732,248	$ 546,272,640	$ 115,540,391	**$ 8,708,018**	$ 456,108,449	$ 578,455,798	$ 122,347,349	**$ 9,221,043**	**$ 17,929,060**
13	2030	2.0%	$ 430,732,248	$ 557,198,092	$ 126,465,844	**$ 9,597,785**	$ 456,108,449	$ 590,024,914	$ 133,916,465	**$ 10,163,230**	**$ 19,761,015**
14	2031	2.0%	$ 430,732,248	$ 568,342,054	$ 137,609,806	**$ 10,505,348**	$ 456,108,449	$ 601,825,412	$ 145,716,963	**$ 11,124,261**	**$ 21,629,608**
15	2032	2.0%	$ 430,732,248	$ 579,708,895	$ 148,976,647	**$ 11,431,062**	$ 456,108,449	$ 613,861,921	$ 157,753,471	**$ 12,104,512**	**$ 23,535,574**
16	2033	2.0%	$ 430,732,248	$ 591,303,073	$ 160,570,825	**$ 12,375,290**	$ 456,108,449	$ 626,139,159	$ 170,030,710	**$ 13,104,369**	**$ 25,479,659**
17	2034	2.0%	$ 430,732,248	$ 603,129,135	$ 172,396,886	**$ 13,338,403**	$ 456,108,449	$ 638,661,942	$ 182,553,493	**$ 14,124,223**	**$ 27,462,625**
18	2035	2.0%	$ 430,732,248	$ 615,191,717	$ 184,459,469	**$ 14,320,778**	$ 456,108,449	$ 651,435,181	$ 195,326,732	**$ 15,164,473**	**$ 29,485,251**
19	2036	2.0%	$ 430,732,248	$ 627,495,552	$ 196,763,303	**$ 15,322,800**	$ 456,108,449	$ 664,463,885	$ 208,355,435	**$ 16,225,529**	**$ 31,548,329**
20	2037	2.0%	$ 430,732,248	$ 640,045,463	$ 209,313,214	**$ 16,344,863**	$ 456,108,449	$ 677,753,162	$ 221,644,713	**$ 17,307,806**	**$ 33,652,669**
21	2038	2.0%	$ 430,732,248	$ 652,846,372	$ 222,114,124	**$ 17,387,367**	$ 456,108,449	$ 691,308,226	$ 235,199,776	**$ 18,411,728**	**$ 35,799,096**
22	2039	2.0%	$ 430,732,248	$ 665,903,299	$ 235,171,051	**$ 18,450,722**	$ 456,108,449	$ 705,134,390	$ 249,025,941	**$ 19,537,729**	**$ 37,988,451**
23	2040	2.0%	$ 430,732,248	$ 679,221,365	$ 248,489,117	**$ 19,535,343**	$ 456,108,449	$ 719,237,078	$ 263,128,629	**$ 20,686,250**	**$ 40,221,593**
	2041	*Collections for Tax Year 2040*				**$ 20,641,657**				**$ 21,857,742**	**$ 42,499,399**
				Total Undiscounted Revenue		**$ 229,776,481**		**Total Undiscounted Revenue**		**$ 243,313,554**	**$ 473,090,035**

[1] Based on the timeline estimated in the Route 120 Feasbility Report (December 2009).
It is assumed that construction begins in 2018 and bonds are issued during the prior year in 2017.
The SSA value capture district would be established in the year bonds are issued and is assumed to follow the statutoary length of a TIF district.
The inflation only scenario assumes no development occurs.
[2] Frozen VCD Base EAV is based on the 2010 taxable value of all current and proposed commercial parcels, per Lake County Assessor's Office, located within the indicated buffer areas.
[3] Inflated VCD EAV is equal to the 2010 taxable value inflated 2.0% annually.
[4] Incremental VCD EAV is equal to Inflated VCD EAV less Frozen VCD Base EAV.
[5] Net TIF Revenue is equal to Incremental VCD EAV multiplied by the tax rate, less collection loss and admininstration fees.
An estimated tax rate of 9.2% is based on current tax rates of parcels within the study area and is assumed constant.
[6] Combined Net TIF Revenue is equal to the sum of Net TIF Revenue across both buffer areas.
[7] Estimated bonding capacity is based on typical bond terms for highway improvements.

Bonding Capacity [7]

Interest Rate	7.0%
DCR Req	1.25
Closing Costs	$ 773,948
Interest Reserves	$ 12,899,128
Cap I	n/a
Par	$ 128,991,278
Net Proceeds	**$ 115,318,000**

Appendix 11: Route 120 Bypass Value Capture Analysis TIF Projections 7/14/2011

TIF Projections Inflation + Development Scenario

Assumptions

Inflation	2.00%
Flat Tax Rate (1.0-Mile)	9.20%
Admin Fee	5.00%
Collection Loss	5.00%

TIF Projections Inflation + Development Scenario

Transit VCD Year [1]	Calendar Year	Growth Due to Reassessment	Up to 0.5-Mile Frozen VCD Base EAV [2]	Up to 0.5-Mile Total Taxable EAV [3] Key Dev Sites	Other Dev Sites	Balance of District	Total	Up to 0.5-Mile Incremental VCD EAV [4]	Up to 0.5-MILE NET TIF REVENUE [5]	0.5- to1.0-Mile Frozen VCD Base EAV [2]	0.5-Mile to 0.1-Mile Total Taxable EAV [3] Key Dev Sites	Other Dev Sites	Balance of District	Total	0.5- to 1.0-Mile Incremental VCD EAV [4]	0.5- to 1.0-MILE NET TIF REVENUE [5]	COMBINED NET TIF REVENUE [6]
	2009																
	2010		$ 374,978,343							$ 397,069,853							
	2011	2.0%	$ 382,477,910							$ 405,011,250							
0	2012	2.0%	$ 390,127,468							$ 413,111,475							
0	2013	2.0%	$ 397,930,017							$ 421,373,705							
0	2014	2.0%	$ 405,888,618							$ 429,801,179							
0	2015	2.0%	$ 414,006,390							$ 438,397,202							
0	2016	2.0%	$ 422,286,518							$ 447,165,146							
0	2017	2.0%	$ 430,732,248	$ 7,066,952	$ 895,210	$ 422,770,085	$ 430,732,247	$ -		$ 456,108,449	$ 154,906	$ 463,459	$ 455,490,083	$ 456,108,448	$ -		
1	2018	2.0%	$ 430,732,248	$ 7,208,291	$ 913,114	$ 431,225,487	$ 439,346,892	$ 8,614,644	**$ -**	$ 456,108,449	$ 158,004	$ 472,728	$ 464,599,885	$ 465,230,617	$ 9,122,168	**$ -**	**$ -**
2	2019	2.0%	$ 430,732,248	$ 19,150,409	$ 2,961,932	$ 439,849,997	$ 461,962,338	$ 31,230,089	**$ 715,607**	$ 456,108,449	$ 3,024,217	$ 1,154,061	$ 473,891,882	$ 478,070,161	$ 21,961,712	**$ 757,766**	**$ 1,473,373**
3	2020	2.0%	$ 430,732,248	$ 38,574,110	$ 5,782,726	$ 448,646,997	$ 493,003,834	$ 62,271,585	**$ 2,594,242**	$ 456,108,449	$ 6,978,454	$ 2,090,897	$ 483,369,720	$ 492,439,071	$ 36,330,622	**$ 1,824,330**	**$ 4,418,571**
4	2021	2.0%	$ 430,732,248	$ 56,933,867	$ 8,715,168	$ 457,619,937	$ 523,268,971	$ 92,536,723	**$ 5,172,817**	$ 456,108,449	$ 11,089,651	$ 3,064,744	$ 493,037,115	$ 507,191,509	$ 51,083,060	**$ 3,017,936**	**$ 8,190,753**
5	2022	2.0%	$ 430,732,248	$ 71,527,574	$ 11,044,313	$ 466,772,336	$ 549,344,222	$ 118,611,974	**$ 7,686,901**	$ 456,108,449	$ 14,349,739	$ 3,839,041	$ 502,897,857	$ 521,086,637	$ 64,978,188	**$ 4,243,401**	**$ 11,930,302**
6	2023	2.0%	$ 430,732,248	$ 85,728,608	$ 13,463,138	$ 476,107,782	$ 575,299,528	$ 144,567,280	**$ 9,852,937**	$ 456,108,449	$ 17,735,794	$ 4,643,085	$ 512,955,814	$ 535,334,693	$ 79,226,244	**$ 5,397,651**	**$ 15,250,588**
7	2024	2.0%	$ 430,732,248	$ 99,496,352	$ 15,974,298	$ 485,629,938	$ 601,100,588	$ 170,368,339	**$ 12,009,010**	$ 456,108,449	$ 21,251,552	$ 5,477,754	$ 523,214,930	$ 549,944,237	$ 93,835,788	**$ 6,581,218**	**$ 18,590,227**
8	2025	2.0%	$ 430,732,248	$ 111,005,335	$ 17,818,274	$ 495,342,537	$ 624,166,146	$ 193,433,898	**$ 14,152,269**	$ 456,108,449	$ 23,826,092	$ 6,091,739	$ 533,679,229	$ 563,597,060	$ 107,488,610	**$ 7,794,813**	**$ 21,947,082**
9	2026	2.0%	$ 430,732,248	$ 122,934,880	$ 19,729,620	$ 505,249,387	$ 647,913,888	$ 217,181,639	**$ 16,068,294**	$ 456,108,449	$ 26,495,112	$ 6,728,092	$ 544,352,813	$ 577,576,017	$ 121,467,568	**$ 8,928,934**	**$ 24,997,228**
10	2027	2.0%	$ 430,732,248	$ 135,297,204	$ 21,710,292	$ 515,354,375	$ 672,361,872	$ 241,629,623	**$ 18,040,987**	$ 456,108,449	$ 29,261,363	$ 7,387,462	$ 555,239,870	$ 591,888,695	$ 135,780,246	**$ 10,090,148**	**$ 28,131,135**
11	2028	2.0%	$ 430,732,248	$ 147,092,907	$ 23,677,152	$ 525,661,463	$ 696,431,522	$ 265,699,274	**$ 20,071,848**	$ 456,108,449	$ 32,007,610	$ 8,042,341	$ 566,344,667	$ 606,394,618	$ 150,286,169	**$ 11,279,083**	**$ 31,350,931**
12	2029	2.0%	$ 430,732,248	$ 158,357,706	$ 25,453,451	$ 536,174,692	$ 719,985,849	$ 289,253,600	**$ 22,071,282**	$ 456,108,449	$ 34,484,628	$ 8,634,249	$ 577,671,560	$ 620,790,438	$ 164,681,989	**$ 12,484,070**	**$ 34,555,352**
13	2030	2.0%	$ 430,732,248	$ 170,014,260	$ 27,291,331	$ 546,898,186	$ 744,203,776	$ 313,471,528	**$ 24,027,908**	$ 456,108,449	$ 37,047,924	$ 9,246,616	$ 589,224,992	$ 635,519,532	$ 179,411,083	**$ 13,679,911**	**$ 37,707,819**
14	2031	2.0%	$ 430,732,248	$ 182,073,732	$ 29,192,544	$ 557,836,149	$ 769,102,426	$ 338,370,178	**$ 26,039,659**	$ 456,108,449	$ 39,699,959	$ 9,880,024	$ 601,009,491	$ 650,589,475	$ 194,481,025	**$ 14,903,438**	**$ 40,943,096**
15	2032	2.0%	$ 430,732,248	$ 194,547,578	$ 31,158,890	$ 568,992,872	$ 794,699,341	$ 363,967,093	**$ 28,107,956**	$ 456,108,449	$ 42,443,255	$ 10,535,070	$ 613,029,681	$ 666,008,006	$ 209,899,557	**$ 16,155,277**	**$ 44,263,233**
16	2033	2.0%	$ 430,732,248	$ 207,447,549	$ 33,192,213	$ 580,372,730	$ 821,012,491	$ 390,280,243	**$ 30,234,257**	$ 456,108,449	$ 45,280,403	$ 11,212,366	$ 625,290,275	$ 681,783,044	$ 225,674,595	**$ 17,436,074**	**$ 47,670,331**
17	2034	2.0%	$ 430,732,248	$ 220,785,699	$ 35,294,405	$ 591,980,184	$ 848,060,288	$ 417,328,040	**$ 32,420,055**	$ 456,108,449	$ 48,214,060	$ 11,912,539	$ 637,796,080	$ 697,922,680	$ 241,814,231	**$ 18,746,485**	**$ 51,166,541**
18	2035	2.0%	$ 430,732,248	$ 234,574,396	$ 37,467,407	$ 603,819,788	$ 875,861,591	$ 445,129,343	**$ 34,666,879**	$ 456,108,449	$ 51,246,951	$ 12,636,235	$ 650,552,002	$ 714,435,188	$ 258,326,739	**$ 20,087,183**	**$ 54,754,063**
19	2036	2.0%	$ 430,732,248	$ 248,826,326	$ 39,713,212	$ 615,896,184	$ 904,435,723	$ 473,703,474	**$ 36,976,296**	$ 456,108,449	$ 54,381,872	$ 13,384,113	$ 663,563,042	$ 731,329,027	$ 275,220,578	**$ 21,458,855**	**$ 58,435,151**
20	2037	2.0%	$ 430,732,248	$ 263,554,504	$ 42,033,863	$ 628,214,108	$ 933,802,475	$ 503,070,226	**$ 39,349,911**	$ 456,108,449	$ 57,621,691	$ 14,156,852	$ 676,834,303	$ 748,612,846	$ 292,504,396	**$ 22,862,204**	**$ 62,212,115**
21	2038	2.0%	$ 430,732,248	$ 278,772,279	$ 44,431,454	$ 640,778,390	$ 963,982,123	$ 533,249,874	**$ 41,789,368**	$ 456,108,449	$ 60,969,350	$ 14,955,147	$ 690,370,989	$ 766,295,486	$ 310,187,036	**$ 24,297,947**	**$ 66,087,315**
22	2039	2.0%	$ 430,732,248	$ 294,493,343	$ 46,908,135	$ 653,593,958	$ 994,995,435	$ 564,263,187	**$ 44,296,350**	$ 456,108,449	$ 64,427,867	$ 15,779,710	$ 704,178,409	$ 784,385,986	$ 328,277,537	**$ 25,766,820**	**$ 70,063,171**
23	2040	2.0%	$ 430,732,248	$ 310,731,740	$ 49,466,111	$ 666,665,837	$ 1,026,863,688	$ 596,131,440	**$ 46,872,585**	$ 456,108,449	$ 68,000,336	$ 16,631,275	$ 718,261,977	$ 802,893,588	$ 346,785,139	**$ 27,269,574**	**$ 74,142,158**
	2041	*Collections for Tax Year 2040*					**Total Undiscounted Revenue**		**$ 49,519,838**					**Total Undiscounted Revenue**		**$ 28,806,975**	**$ 78,326,813**
																$ 323,870,093	**$ 886,607,349**

[1] Based on the timeline estimated in the Route 120 Feasbility Report (December 2009).
It is assumed that construction begins in 2018 and bonds are issued during the prior year in 2017.
The SSA value capture district would be established in the year bonds are issued and is assumed to follow the statutoary length of a TIF district.
The inflation plus development scenario assumes a general inflation rate on all parcel values and that development occurs at key development sites and other development sites.
Key development sites include the intersections of Alleghany Road, Route 45, and Fairfield. Other development is also anticipated to happen along the corridor
according to land use plans developed as part of the Route 120 feasibility study and a market capcity analysis conducted as part of this value capture study.
[2] Frozen Base EAV is based on the 2010 taxable value of all current and proposed commercial parcels, per Lake County Assessor's Office, located within the indicated buffer areas.
[3] Total Taxable EAV estimated for development sites is based on 2010 current assessed values of comparable retail, office, and industrial properties in Lake County.
A 2% annual inflation rate is assumed on all parcels within the indicated buffer areas.
[4] Incremental VCD EAV is equal to Total Taxable VCD EAV less Frozen Base EAV.
[5] Net TIF Revenue is equal to Incremental VCD EAV multiplied by the tax rate, less collection loss and administration fees.
An estimated tax rate of 9.2% is based on current tax rates of parcels within the study area and is assumed constant.
[6] Combined Net TIF Revenue is equal to the sum of Net TIF Revenue across both buffer areas.
[7] Estimated bonding capacity is based on typical bonding assumptions for highway improvements.

Bonding Capacity [7]

Interest Rate	5.5%
DCR Req	1.25
Closing Costs	$ 1,799,737
Interest Reserves	$ 29,995,620
Cap I	$ 8,248,795.53
Par	$ 299,956,201
Net Proceeds	**$ 259,912,000**

APPENDIX 12: SUMMARY OF APPROVED NEW STARTS PROJECTS ANNOUNCED IN JUNE 2011

Appendix 12: Summary of Transit Projects Receiving New Starts Funding in the June 2011 Funding Announcement

Project [1]	City	State	Proposed Financial Plan (in millions of $s)									% New Starts	% Other Federal	% Local + State	% Local Only	Local Sources Detail
					Federal											
			Local	State	New Starts	CMAQ	STP	Section 5309 - Other	Section 5307	NHS/ ARRA/ Other	TOTAL					
West Corridor LRT	Denver	CO	$ 392		$ 309	$ 10					$ 710	43.5%	1.3%	55.2%	55.2%	Sales Tax Revenues and Local government contributions
Long Island Rail Road East Side Access	New York	NY	$ 4,253	$ 450	$ 2,632	$ 11		$ 23	$ 16		$ 7,386	35.6%	0.7%	63.7%	57.6%	MTA Dedicated Sources (bonds, surplus toll revenues, etc.), MTA Operating Budget
Second Avenue Subway Phase I	New York	NY	$ 3,066	$ 450	$ 1,300	$ 48			$ 2		$ 4,867	26.7%	1.0%	72.2%	63.0%	MTA Dedicated Sources (bonds, surplus toll revenues, etc.), MTA Operating Budget
Northwest / Southeast LRT MOS	Dallas	TX	$ 706		$ 700						$ 1,406	49.8%	0.0%	50.2%	50.2%	Sales Tax Revenue
Mid-Jordan LRT	Salt Lake City	UT	$ 107		$ 428						$ 535	80.0%	0.0%	20.0%	20.0%	Sales Tax Revenues, Right of Way Acquisition
Weber County to Salt Lake City Commuter Rail	Salt Lake City	UT	$ 122		$ 489						$ 612	80.0%	0.0%	20.0%	20.0%	Sales Tax Revenues, Right of Way Acquisition
Dulles Corridor Metrorail Project – Extension to Wiehle Avenue	Northern VA	VA	$ 1,991	$ 177	$ 900		$ 75				$ 3,142	28.6%	2.4%	69.0%	63.4%	Dulles Toll Road Revenues and Bond Proceeds, Fairfax County Transportation Improvement District
University Link LRT Extension	Seattle	WA	$ 1,123		$ 813	$ 9		$ 3			$ 1,948	41.7%	0.6%	57.6%	57.6%	Bond Proceeds, Local Option Tax Revenues, Sales of Excess ROW
Central Corridor LRT	St. Paul - Minneapolis	MN	$ 384	$ 94	$ 474	$ 5					$ 957	49.5%	0.5%	50.0%	40.2%	Counties Transit Improvement Board (sales tax), Ramsey County Regional Railroad Authority(property tax), Hennepin County Regional Railroad Authority (property tax), City of St. Paul Transit Improvement Fund, Central Corridor Funders Collaborative (private donations)
Third Street Light Rail Phase 2 – Central Subway	San Francisco	CA	$ 261	$ 369	$ 942	$ 6					$ 1,578	59.7%	0.4%	39.9%	16.5%	Proposition 1B State Infrastructure Bond Funds/Proposition K Sales Tax Funds, SFMTA Operating and Parking Revenues
Eagle Commuter Rail	Denver	CO	$ 951		$ 1,030	$ 62					$ 2,043	50.4%	3.0%	46.5%	46.5%	Bond Proceeds, Sales & Use Tax, Concessionaire Financing-Private Equity and Debt, Local Contributions of $40.3MM from: City of Aurora, City & County of Denver, Adams County, Jefferson County, City of Arvada, and City of Wheat Ridge
New Britain – Hartford Busway	Hartford	CT	$ 113		$ 275	$ 113		$ 47	$ 18	$ 6	$ 573	48.1%	32.1%	19.8%	19.8%	State Transportation Fund
Central Florida Commuter Rail Transit – Initial Operating Segment	Orlando	FL	$ 89	$ 89	$ 179						$ 357	50.0%	0.0%	50.0%	25.0%	Volusia County State Infrastructure Bank Loan, Seminole County Sales Tax Funds, City of Orlando State Infrastructure Bank Loan, Orange County General Funds
High Capacity Transit Corridor Project	Honolulu	HI	$ 3,493		$ 1,550				$ 301	$ 4	$ 5,348	29.0%	5.7%	65.3%	65.3%	General Excise Tax (GET)
North Corridor LRT	Houston	TX	$ 306		$ 450						$ 756	59.5%	0.0%	40.5%	40.5%	METRO Dedicated Sales Tax
Southeast Corridor LRT	Houston	TX	$ 373		$ 450						$ 823	54.7%	0.0%	45.3%	45.3%	METRO Dedicated Sales Tax
	TOTALS		**$17,731**	**$1,629**	**$12,922**	**$759**					**$33,041**					

[1] Small Starts Projects are not included in this analysis.

Sources: Federal Transportation Administration and *SB Friedman*

Average	**49.2%**	**3.0%**	**47.8%**	**42.9%**
Weighted Average	**39.1%**	**2.3%**	**58.6%**	**53.7%**