

Illinois Route 53/120 Project
 Finance Committee Meeting #2
 December 3, 2013
 Meeting Minutes issued by Lake County

The meeting was called to order at 2:05 p.m. which was followed by roll call.

PRESENT	NAME	REPRESENTING
Present	Chris Meister	Co-Chair
	Doug Whitley	Co-Chair
Present	Aaron Lawlor	Lake County
Present	George Ranney	Co-Chair, Blue Ribbon Advisory Council (BRAC)
Present	Jeffrey Braiman	Village of Buffalo Grove
Present	Michael Ellis	Village of Grayslake
Present	Stephen Park	Village of Gurnee
		Village of Hainesville
Present	Joseph Mancino	Village of Hawthorn Woods
Present	Mike Talbett	Village of Kildeer
Present	Tom Poynton	Village of Lake Zurich
		Village of Lakemoor
Present	Heather Rowe	Village of Libertyville
Present	Angie Underwood	Village of Long Grove
Present	Steve Lentz	Village of Mundelein
		Village of Round Lake
		Village of Round Lake Park
Present	Dave Brown	Village of Vernon Hills
		Village of Volo
Present	Doug Maxeiner	Village of Wauconda
		City of Waukegan
		Cook County Department of Transportation and Highways
Present	Jim Heisler	McHenry County
Present	Jim LaBelle	Metropolis Strategies
Present	David Stolman	BRAC Founding Co-Chair
Present	Brad Leibov	Liberty Prairie Foundation
Present	Michael Stevens	Lake County Partners
Present	Marty Buehler	Lake County Transportation Alliance
Present	Tony Small	Illinois Department of Transportation
Present	Robin Helmerichs	Federal Highway Administration

General Business

Call to Order, Roll Call and Adoption of Meeting Minutes

Chris Meister (CM) asked for a motion to approve the meeting minutes from the October 21, 2013 Finance Committee meeting. On a motion by **Aaron Lawlor (AL)**, seconded by **David Stolman (DS)**, the meeting minutes were unanimously approved.

Rocco Zucchero (RZ) thanked those in attendance for their participation and reiterated that there is a common desire among the participants to advance this project. He reinforced the task for the Finance Committee was to arrive at a recommendation to the Tollway Board of Directors for how the project will be financed. He stressed the need for the Committee to think creatively because many of the traditional funding mechanisms are no longer viable.

CM stated that the two goals for the meeting's agenda were to present the feasibility of the cost estimates and introduce the BRAC funding options. Between now and April 2014 the Committee will be provided a general primer on public financing, asked to review the BRAC funding options and other new funding options and presented by April with refined revenue estimates and bonding capacity.

Cost Estimates

Chris Burke (CB), of the project team, presented a slide comparing the cost estimates of the BRAC analysis (\$2.39-2.71 billion) and the Feasibility Analysis (\$2.56-2.87 billion). Because the project team had more time and resources, the Feasibility Analysis work has added more detail to the estimates. The Feasibility Analysis defined work items based on quantities rather than using assumed percentages like the BRAC estimates. The more refined cost method provides a higher level of confidence in the estimates compared to those developed by the BRAC. All of the costs were based on 2020 dollars to be consistent with the BRAC numbers, **CB** stated. **CB** indicated that the current range represents two different possible alignment alternatives, and these are capital costs only. **CB** also said that in all of the estimates there is an assumed contingency of 30 percent. The Federal Highway Administration recommends a range of 25 to 40 percent for contingencies at this level.

Jeff Hall (JH), of TranSystems, indicated that TranSystems along with Christopher B Burke Engineering (CBBEL) and Parsons Brinkerhoff (PB) comprise the consultant team working for the Tollway. **JH** then defined the roadway attributes and provided detail on the estimates. Roadway attributes included:

- 25 miles of modern boulevard
- Cross section defined as two lanes in each direction, full outside shoulder and narrow inside shoulder (no transit accommodations included)
- 18 miles of depressed roadway with berms
- 9 local interchanges
- 2 system interchanges (at 53/120 and at I 94)

Structural attributes included: 37 crossroad bridges and three railroad grade separations. Traffic management and tolling attributes included: all-electronic tolling, ITS infrastructure, providing a maintenance facility and snow removal.

Mike Matkovic (MM), of CBBEL, indicated that he led an effort to look at drainage and environmental attributes. The drainage attributes include: pump stations, 39 miles of stormwater treatment train areas, detention and compensatory storage areas and erosion control measures

The environmental attributes include:

- 7 stream crossings – Buffalo Creek at the south end to Squaw Creek at the north to the Des Plaines River on the east
- 6 land bridges or causeways to minimize impacts
- 90,000 feet of noise walls
- 468 acres of wetland mitigation – assuming a ratio of 5:1 (will ultimately depend on final alignment)
- 3 wildlife overpasses – at the Buffalo Creek, Squaw Creek and Indian Creek corridors
- 18 wildlife underpasses – generally at drainage crossing locations
- Multiple greenway buffer corridors

JH presented a list of the other corridor attributes that were included in developing the cost estimate:

- Contingency and engineering
 - Appropriate contingency level – 30 percent
 - Include all engineering phases – E1, E2 & E3
- Right-of-way and utilities
 - Include right-of-way and easements
 - Major utility relocations
- Environmental restoration and stewardship fund

Cost Estimates Discussion

JH stated as they move forward into Phase I engineering followed by detailed Phase II design plans, the possible range of the cost estimate will narrow and the confidence level will increase. As more detailed cost information is generated and fewer unknowns exist, **JH** said the contingency level will drop to 10 percent by the time the project is let. **JH** gave an overview of the concept and the master plan stage of Phase I engineering. **JH** said the feasibility analysis seeks to answer how to finance the project and should the Tollway build it. If the Tollway Board chooses to move forward with the project, the next step is to initiate a Phase I engineering study, which involves a greater level of specificity regarding the various project attributes. Construction plans prepared in Phase II will have even more detailed estimates. **RZ** also noted that the estimated costs are in 2020 dollars to be as realistic as possible. **RZ** stated that the Tollway prefers to see the costs decrease, but it is comfortable with current estimates. Depending exactly when construction begins, the costs may fluctuate, but 2020 is being assumed as the mid-point of construction, **JH** said. While all the costs were initially estimated in 2013 or 2014 dollars, an additional increase of 5 percent per year was assumed through the year 2020, to be consistent with the BRAC.

MM said that the mitigation ratio of 5:1 for the 468 acres of wetland mitigation was stipulated in the BRAC report and the Interagency Wetland Policy Act. Depending on the quality of wetlands and impacts, mitigation may be required at a ratio as high as 5.5:1. Not all of the impact will be to high quality wetlands, but **MM** stated that providing mitigation on- or off-site is a factor, as off-site mitigation is done at a higher ratio.

Closing the Funding Gap

Finance Committee members were distributed a document from the BRAC report listing the proposed funding options. **CM** and **RZ** provided an overview of the 18 potential options used to address the \$2.5 billion funding gap. **CM** began the discussion on items 5 through #13B, focusing on tolling and

congestion pricing and other conventional transportation financing options before visiting the more innovative proposals that came out of the BRAC. **CM** reminded the Committee that the funding gap is in excess of \$2 billion and the dollar amounts associated with each financing option are only in millions, so it may take a combination of options. The document also included revenue estimates in 2020 dollars. The funding options included:

- Option 5-Congestion Pricing
- Option 6-Toll Revenue through Indexing
- Option 7-Congestion Pricing Combined with Indexing
- Options 7 and 8-Use Inside Shoulder as Third Lane on Route 53 during Peak/Add Lane in Each Direction (for six lanes) on Route 53
- Options 9-Toll Existing Route 53-(A) Widen and Reconstruct, (B) Reconstruct Only, (C) Reconstruct Only and Improve Route 53/I-290/I-90 Interchange
- Option 10-Longer Term Borrowing
- Option 11-Lower Cost Borrowing
- Option 12-Add Tolls at Illinois Route 132 to and from the south
- Options 13-(A) Illinois Route 132 Toll and Increase Waukegan Toll Plaza, (B) Route 132 Toll, Increase Waukegan Toll and Tolling at the Border

Closing the Funding Gap Discussion

CM stated that options 5 through 13B, without duplicates, add between \$500 million and \$1.2 billion to the \$400 million in initial revenue to increase the total revenue to a range between \$900 million and \$1.6 billion to address the \$2.5 billion funding gap. While these funding options decrease the gap, there are costs associated with the implementation of many of these options, **CM** said.

One such option was the strategy of tolling existing IL53 (option 9). **RZ** stated that the options under 9 examine tolling existing Illinois Route 53 from Lake Cook Road to I-90, which involves Cook County. **CM** pointed out that these options create significant bonding capacities at \$353 million at the low end up to just over \$550 million at the high end. **CM** said the Committee does not represent the interests of the Cook County communities and there should be broader inclusion if they decide to toll existing Route 53 between Lake Cook Road and I-90. **RZ** added that any proposals related to tolling existing Route 53 will need approval from the United States Department of Transportation (USDOT) Federal Highway Administration (FHWA). The General Assembly must provide the authority to allow the Tollway system to expand. **Aaron Lawlor (AL)** said he would reach out and start to meet with some of those mayors prior to the next meeting in January to gauge interest in the project. (ACTION ITEM)

Jeff Braiman (JB) stated that the Illinois Route 53/120 Project provides a regional benefit and not solely a Lake County Road, and therefore should be supported through systemwide tolls. **RZ** responded that the funding options came from the BRAC report, and determining how the project is funded is part of the mission of the Finance Committee. The group must look internally and decide what is reasonable to move forward with and how to close the gap, like the EOWA project, which is not just a Tollway-funded project. The Committee must look at the project and see what they are trying to deliver before looking at everyone else across the Tollway's system to help pay for the project. **RZ** said the Committee may recommend the Tollway Board to fund everything. That is what the committee must decide. **Joseph Mancino (JM)** pointed out that even if the Committee chose to implement all 13 financing options, they would still be short funding the gap.

RZ said the Tollway Feasibility Analysis is looking to the Committee for guidance about what financing options they should consider and which are non-starters. In addition to revenue estimates, the Tollway will analyze maintenance and operation costs.

Marty Buehler (MB) asked if there is consideration for assessing the tolling structure throughout Lake County. He commented that the question of system revenues will come up, but Lake County has a good deal now. **RZ** said in Lake County, customers pay only one toll en route to O'Hare International Airport, whereas drivers coming from the south suburbs pay four mainline tolls.

Options 1 and 2-Value Capture (VC): Special Service Area (SSA), Tax Increment Financing (TIF) District
Liz Schuh (LS), a policy analyst with CMAP, cited previous value capture examples in Virginia and Georgia, but said nothing locally in Illinois has been done on the same scale, and nothing has been done at a multi-jurisdictional level for TIF districts, **LS** said. A multi-jurisdictional TIF district will require significant changes to the law, while an SSA can be established on a county basis. The BRAC analyzed two value capture areas. Both the TIF and the SSA would have the same areas drawn, **LS** said.

Steve Lentz (SL) asked if the EOWA Advisory Council had a similar finance committee and why they chose not to pursue SSAs. **CM** said a group of mayors wrote the co-chairmen of the overall committee—the executive director of the Tollway and the secretary of transportation—and said that a systemwide toll increase should be considered before they hear about value capture. **SL** stated that there is a precedent in what the Tollway Board has accepted. He said that if the EOWA finance committee went through this process and came up with a package of contributions that the area would make and the remainder would come from a systemwide toll increase, then the Illinois Route 53/120 Project Finance Committee could take the same approach.

Mike Ellis (ME) asked if there were any connections between where the traffic was coming from in the region versus in the area where the road was built and did that extrapolate into where the money ultimately came from. **ME** stated that although many people will use this road coming from many different locations, nobody wants to pay for it. If 70 percent of the traffic was coming from within the corridor and the local corridor paid 30 percent of the cost, **ME** said there is a ratio the Committee could develop.

Heather Rowe (HR) inquired about possible funding grants that were utilized for the EOWA. **RZ** responded that because the federal front is uncertain, it is worth the Committee to explore, but the group has to be creative, especially dealing with railroad crossings and possible ICC funding opportunities.

CM stated that the next meeting will be January 28, 2014 and that meeting options are being discussed for March and April. On the issue of value capture, it is important that the Land Use and Finance Committees are aligned, **CM** said. **CM** stated the next meeting will take place on January 28 at the Lake County Central Permit Facility. The location for the March meeting is TBD.

Community Concerns

Arlington Heights Trustee **Bert Rosenberg (BR)**, asked if the Tollway in the past, when converting a freeway to a tollway, looked at the surface street impact that could result, and the impact this project would have on Arlington Heights Road, which parallels Route 53? **BR** said Arlington Heights would be interested in participating in any future discussion on the project. **RZ** stated that is the type of

information that would come from a traffic and revenue model that can be put together. The analysis of potential traffic diversion is an essential component in assessing this overall project.

An **audience member** asked if Illinois Route 53/120 was a 55 mph road compared to 45 mph, would it be more of an attractive north-south route to increase the bonding capacity. **RZ** said all of the analysis done is based on the recommendations from the BRAC. They reached consensus on a 4-lane, 45 mph facility and the Feasibility Analysis is sticking to that plan for now.

ME stated that he thought the charge from the Tollway was to work from the BRAC design standards and not rewrite the work from the BRAC report and not change the fundamentals of the parameters. **CM** responded affirmed that is the Committee should continue adhering to the BRAC report.

An **audience member** identified himself as one of the 130,000 motorists stuck at Dundee Road. He commented that to build revenue the Tollway should increase the speed limit, build the road up to two miles north of Richmond and make it an interstate. If it is a local road, then Lake County should pay for, he said. **RZ** responded that this was brought up before, but they are focusing on the task at hand.

Mike Scarpelli said that he has heard about the project for a long time. Based on a recent report from *The Chicago Tribune* that 95 percent of cars on the Tollway exceed the 55 mph speed limit, he commented that there was no way people would travel 45 mph. He suggested the Tollway build the extension and later reconsider the speed limit.

Rob Sherman, who identified himself as a Buffalo Grove resident living in Cook County, made six points:

- In other states have residents from one county paid for a new roadway in another county?
- Stakeholders should limit proposals for financing this to what money will come from them rather than volunteering the resources of those who are not stakeholders.
- If existing tolls on the system are 5.7 cents/mile and 20 cents/mile is proposed, then congestion pricing won't work. Nobody will pay 40 cents/mile because 20 cents/mile is already the equivalent of congestion pricing.
- The tolling of the Cook County portion of Route 53 could generate about \$100 million annually. The funding gap is \$2.5 billion. Over 25 years that's \$2.5 billion in revenue so the people of Cook County would fund a major public works project to the people of Lake County.
- Value capture is not realistic in this situation. It might be fine in Virginia and Texas where businesses in those areas want new roadways and are willing to donate a portion of the value of their properties, but the same demand does not exist here.
- If a super expensive roadway is built to a low speed limit, then Lake County should build it instead of the Tollway. Lake County can build its preferred road and pay down the bonds if the revenue projections are insufficient.

There being no further public comment the meeting adjourned at 4:29 p.m.